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WORLD NEWS

Steel warns SDP against compromise

Liberal leader David Steel last night urged the SDP to reject any "half-baked compromise" over the future framework of the Alliance and warned that an historic opportunity could be missed if it broke up through "petty party pride."

Mr Steel, addressing his party's national executive, rejected the type of federal solution proposed by SDP leader David Owen and reaffirmed his support for a full union of the two parties. Back Page

US envoy for Syria

Syria's President Assad has accepted an offer from President Reagan to send a US envoy to Damascus to try to improve relations between the countries. Back Page

Children allowed home

Two sisters and their brother involved in the Teesside child abuse controversy were ordered to be returned to their parents by magistrates. Their father suffered a heart attack when they were taken into care.

Drugs fight boosted

Nearly 40 countries promised to step up the fight against the estimated $300bn-a-year (£186bn) illegal drugs market. Page 2

LSD 'plot' foiled

An alleged plot to swamp British pop festivals with more than £1m worth of LSD has been foiled following the arrest of two Britons in San Francisco, police said.

Soldier shot in Belfast

A part-time UDR soldier was shot dead in Belfast—the fourth person murdered in the city this week.

Air crash kills 49

A Philippine airliner crashed in mountains on an internal flight near the town of Baguio, killing all 49 people aboard.

Torture treaty in force

A United Nations convention seeking punishment for torturers and compensation for victims came into force after ratification by 20 states.

Fresh Barbie charges

Former Gestapo officer Klaus Barbie was charged with further crimes against humanity, and will face another trial after the current hearing in Lyon, France.

Arab assassinated

Two men were arrested after an Arab was shot dead in Rome. Italian police said they believed the suspects were members of Libyan revolutionary committees.

Communists fall out

Internal diivsions in the Italian Communist Party have been exposed by leader Alessandro Natta's attempt to nominate his potential successor. Page 2

Mail weapon curb urged

Curbs on mail order companies selling weapons, such as knuckledusters and knives, to children was urged by the Institute of Trading Standards

Appeal answered

A British Red Cross appeal to help the people of Mozambique hit by drought and war has raised more than £250,000 in two days.

Dinosaur discovery

Chinese scientists have discovered the fossil of a previously unknown type of dinosaur, 70ft long and 20ft tall, in Inner Mongolia.

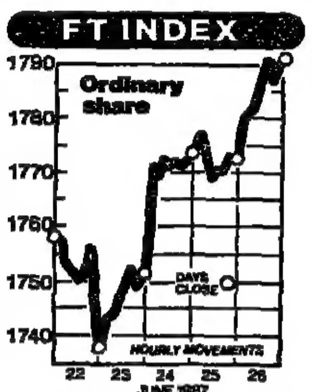
BUSINESS SUMMARY

Oil prices rise as Opec nears deal

OIL PRICES firmed yesterday as OPEC members neared a consensus on a fourth quarter output ceiling. The quota could be as low as 16.6m barrels a day—well below the 18.3m b/d agreed in last December's production pact.

In London, Brent crude oil for July delivery rose 57 cents to $19.20, while West Texas Intermediate had jumped in New York by more than 70 cents to $20.37 by mid-afternoon. Back Page; Commodities, Page 10

Oil shares gains helped equities continue their rally in London, where trading was moderate and selective. The FT Ordinary Index gained 18.2 to



close at 1,790.7, an increase of 32.4 on the week. The FT-SE Index finished up 14.1 at 2,291.3, rising 25.2 on the week. Stock Exchange, Page 12.

BAA PRIVATISATION: Shares in the airports authority could be priced by the Government at well over 200p, say some market analysts. Page 8; Lex, Back Page

WATER AUTHORITY chairmen in England and Wales unanimously rejected Government plans to create a national rivers authority with regulatory and management functions as part of the industry's privatisation. Page 5

US TRADE Representative Clayton Yeutter warned that Congress's Trade Bill debate could be adversely affected by protectionist moves in Europe, especially regarding an oils and fats tax and European Airbus financing. Page 2

WILLIS FABER and Stewart Wrightson, leading UK insurance brokers, requested that trading in their shares be suspended amid speculation that they are to merge. Back Page

UNITED PAPER Mills of Finland is to double the size of its north Wales newsprint plant in a £120m investment which will make it the UK's biggest newsprint producer. Page 4

CHARTERHOUSE BANK, Royal Bank of Scotland's merchant banking offshoot, has made 10 bankers redundant as part of a strategy to focus on profitable markets. P ge 4

EUROPEAN HOME Products, sewing machine distribution and retail group, is to pay $160m (£98.2m) for Scholl International, footwear products and retail chain. Page 8

HOLMEN, Swedish forest products group, will become Scandinavia's largest tissue paper producer with the purchase of domestic rival MoDo Konsumentprodukter for about SKr 550m (£53.92m). Page 10

AUSTRALIAN textiles producers Linter and Entrad bid about A$239.4m (£107.8m) for Coats Viyella offshoot Bonds Coats Patons of New South Wales, already the subject of a lower bid from Pacific Dunlop. Page 10

W Germany finds wholesome replacement for Boris

BY DAVID MARSH IN BONN

IT WOULD be too much to say that West Germany is in mourning.

For many of the nation's tennis buffs—a category which at this time of year includes most of the country—Boris Becker's slithering, four-set defeat yesterday by the virtually unknown Australian Peter Doohan at Wimbledon was simply another reminder that, even for youthful forehand-thumping heroes, hubris can sometimes be only a drop-shot away.

"Boris Out" was the lead item on the early evening television news, but the pictures quickly moved on to South Korea, the 1988 tax cuts and an East Berlin church conference.

With a sombre ducidity which reminded viewers that it was, after all, only a game of tennis, the commentator said simply that Becker's second-round opponent, although ranked 69 in the world, returned service rather better.

The mass circulation Bild Zeitung, ever with an eye for a story which mixes salaciousness and patriotism, yesterday waded fiercely into the popular British press for having "dragged Boris into the dirt" with tales this week of his alleged sexual appetite.

The 19-year-old player, hailed as a boy wonder when he first won Wimbledon two years ago, has during the past few months, slid down the popularity scale.

A growing proclivity towards on-court antics, along with his highly publicised break with his coach, his wealth and liking for living it up in Monaco, has robbed Becker of his unspoilt homely touch—and sent the country in search of new youth idols. Ironically Becker's gentlemanly acceptance of defeat yesterday may rally flagging support.

After the match, which his opponent won 7—6, 4—6, 6—2, 6—4, he said: "I am not immortal. I had to lose some time, and maybe it hurt more to lose in the second round than in the final. I knew the day would come."

Social commentators and the editorialists in mass-selling women's magazines seem to have been saying for several months that Steffi Graf, the rising West German female tennis star who has just turned 18 and possesses an unworldly manner which Becker lost on his winning trail, is a much more wholesome example for German youth.

She neither gets excited nor seems to have boyfriends. She is kept firmly in check by her doting manager-cum-father. And what's more, she has not yet been knocked out of Wimbledon.

Following Becker's Wimbledon disappearance, West German media attention is likely to focus even more on an alternative 19-year-old star who is shy, bespectacled, keen on animals and ecology and rather concerned about world peace.

Mathias Rust, the young pilot who flew to Moscow's Red Square last month allegedly—according to the illustrated magazine which has bought his story—to have a word with Mr Mikhail Gorbachev about nuclear weapons, is really a much more suitable subject for youthful adulation.

It only remains for him to improve his backhand and sign up a multi-million D-mark contract endorsing tennis shoes, and West Germany could have a ready-made Becker substitute by the time the next Wimbledon comes round.

Tennis, Weekend FT Page XVIII

Moscow sets agenda for economic reform

BY PATRICK COCKBURN IN MOSCOW

MR MIKHAIL GORBACHEV, the Soviet leader, yesterday ended a crucial meeting of the Communist Party Central Committee in Moscow with three promotions to membership of the ruling Politburo and having set an agenda for a coherent programme of economic reforms to be put in place over the next three years.

Among those promoted were Mr Alexander Yakovlev, the head of propaganda, and a key supporter of Mr Gorbachev. Mr Yakovlev, a proponent of increasing freedom of expression in the Soviet Union, becomes a full voting member of the Politburo.

Also promoted to the Politburo are Mr Nikolai Slyunkov, head of economic administration, who has given vocal support to economic reform, and Mr Viktor Nikonov, party secretary for agriculture, who is close to Mr Gorbachev.

In general, the three appointments will strengthen Mr Gorbachev's position, particularly as all three men are already party secretaries, reinforcing a trend for the party secretariat in Moscow to grow stronger at the expense of top regional party leaders.

The complex series of measures for transforming economic management in the Soviet Union will make enterprises financially independent and allow them to engage in wholesale trade while limiting the role of most central economic organs to overall policy decisions.

"For the first time we have a programme of radical reform," Dr Abel Agenbegyan, the most influential Soviet reform economist, said after the meeting of the 307-member central committee to which all top Soviet officials belong. "What we had before were priliminary steps but they did not lead to a real change in the situation."

Dr Agenbegyan said that during the first stage of restructuring, enterprises would compete for contracts from the state, but after a general price reform in about 1990 three quarters of their business would be done through wholesale trade with other enterprises.

Dr Aganbegyan said the market was an objective reality which did not contradict socialism.

In another promotion, Marshall Dmitri Yazov, the new Defence Minister, is to become a non-voting member of the Politburo. He replaces Marshall Sergei Sokolov, the former Defence Minister, who was abruptly retired when a West German amateur pilot landed his plane in Red Square.

The elevation of Mr Yakovlev is the most important of the senior personnel changes and is an indication of Mr Gorbachev's present political confidence. Appointed in late 1984 to head the propaganda department of the central committee, Mr Yakovlev immediately made an impact by reducing censorship

Continued on Back Page

Renewed rioting sweeps S Korea

BY MAGGIE FORD IN SEOUL

SOUTH KOREAN police lost control of the streets yesterday as thousands of students in towns and cities across the country bombarded them with rocks and Molotov cocktails, cheered on by bystanders chanting: "Down with the dictator."

At least 100,000 people braved tear gas volleys to demand democratic change. Although the 60,000 riot police could not cope with the demonstrations, the level of injuries was relatively low on both sides.

Mr Kim Young Sam, the opposition leader who on Wednesday had talks with President Chun Doo Hwan, raising people's hopes for change, was showered with tear gas as he left his office in Seoul to join a peace march. Police manhandled him into a coach and eventually returned him to his home.

Mr Kim Dae Jung, South Korea's other main opposition leader, was again placed under house arrest.

The Seoul demonstration started at 6 pm when about 2,000 people gathered in front of the City Hall to sing the national anthem. Thousands of police allowed bystanders to form into groups and then fired tear gas at close range.

Church bells rang and car horns were sounded while bus passengers applauded demonstrators. At the city's main market, people crowded on to flyovers, roofs and stairways, joining in chanting which echoed over the whole area.

Battles between police and demonstrators raged for more than three hours near the Hilton Hotel, where frightened tourists and businessmen choked on the tear gas. More than 200 demonstrators occupied the lobby of the hotel for several hours.

Yesterday's demonstration, which was continuing in parts of Seoul well after midnight, sent a strong signal to the Government that people do not regard as sincere this week's offer by President Chun of a return to talks on constitutional reform.

Both opposition leaders have rejected the offer, demanding that South Korea should have direct presidential elections, or at least a referendum on the type of political system the country should have. Their stand was backed by Cardinal Kim Su Whan, the Catholic primate, in his meeting with the President on Thursday.

South Koreans, always conscious of the dangers of provoking a military-backed regime into imposing martial law, restrained themselves from excessive violence. The heavy use of tear gas by police, who had also promised restraint, is likely to heighten anger over an already emotional issue. At one stage, riot police were described as "out of control" by one witness.

Meanwhile, the country's economic planning board provided further evidence that the demonstrations were not affecting South Korea's ceconomic performance. It revised its 1987 growth forecast up from 8 per cent to 11 per cent and predicted a balance of payments surplus of about $7bn (£4.3bn) compared with $4.8bn last year.

Foreign debt, the fourth largest among countries in the developing world, is expected to be reduced to less than $40bn this year, the planning board said. It added that the rate of appreciation of the currency, the won, against the dollar was expected to slow. Businessmen have complained about the appreciation rate, which has reached more than 6 per cent this year.

Background, Page 3

JWT agrees $566m takeover by UK group

BY WILLIAM HALL AND NIKKI TAIT

MR MARTIN Sorrell, the former chief financial officer of Saatchi & Saatchi, the international advertising agency, yesterday pulled off an audacious transatlantic takeover coups by reaching agreement on a $566m (£351m) takeover of J. Walter Thompson, one of the world's oldest and most admired advertising agencies.

Mr Sorrell's UK-based WPP group, until two years ago an obscure shopping trolley manufacturer, announced it would $55.50 cash per JWT share, endacquire the JWT Group for ing a 16-day battle.

J. Walter Thompson, whose clients range from IBM, Ford and Unilever to Sears Roebuck and Nestle, is the world's fourth largest advertising group and creator of some of the most famous campaigns in history. It was founded in 1864 and employs 7,700 people in 40 countries.

J. Walter Thompson is the "jewel in the crown" of the JWT Group which also includes Hill & Knowlton, the world's biggest public relations firm, a large market research business and Lord, Geller, Federico, Einstein, a successful upmarket advertising agency.

WPP Group is relatively unknown on Madison Avenue, capital of th eUS advertising industry, and in 1986 its revenues of $35m were dwafted by JWT's $649m.

However, there has been concern in Wall Street about JWT's erratic fortunes. Mr Sorrell's reputation, which helped build the Saatchi & Saatchi worldwide empire, has helped win Wall Street's support.

The takeover was announced early yesterday morning after an all-night negotiating session when the JWT board considered at least one rival bid, and Mr Sorrell was forced to increase his bid for the second time. WPP opened the bargaining for JWT on June 10 with a $45 per share cash offer which was later raised to $50.50 per share.

JWT said that while its board of directors had reviewed several other bids for JWT, WPP's offer was "clearly the superior bid."

It was unclear whether Mr Don Johnston, JWT chairman, would continue to play an active role in JWT's affairs.

Mr Sorrell had originally suggested that Mr John Peters, who was dismissed as JWT's chief operating officer earlier this year, would assume a leading management role after the takeover. WPP said that no decision had been taken on Mr Peters' future role, but observers close to JWT said they understood Mr Peters would not be coming back to run the company.

WPP said the financing of the higher offer would come from increased facilities provided by Samuel Montagu and Credit Suisse First Boston, its joint advisers. However, although short-term facilities are in place, Samuel Montagu said no decision had yet been made over the final shape of the package.

● In London, WPP shares eased 5p to £10.70p.

Maxwell poised to buy Today

BY RAYMOND SNODDY

MR ROBERT MAXWELL, publisher of Mirror Group Newspapers, last night agreed in principle to take control of Today, the colour tabloid newspaper rescued a year ago by Mr Roland 'Tiny" Rowland, chief executive of Lonrho.

Mr Maxwell has undertaken to continue publication of the paper but its support for the Liberal-Social Democratic Party Alliance is unlikely to survive. The former Labour MP and socialist millionaire is believed to be contemplating turning Today into a right-of-centre paper aimed directly at the Daily Mail in the middle of the market.

Final agreement on the details is expected this weekend. After nearly a week of talks Mr Maxwell agreed to pay Lonrho £10m in cash for the paper, launched in March last year, and to take over about £30m in loan stock.

The paper has a circulation of 333,000. It is expected to lose nearly £30m in the year to September, much more than has been publicly disclosed.

The paper will be bought by Pergamon Media Trust, a Maxwell family vehicle for international media investments which is also thought to be on the verge of buying a newspaper chain in France. The investment will be kept separate from Mirror Group Newspapers, which is likely to be floated on the Stock Exchange next year.

The transfer of ownership will be subject to the approval of Lord Young, Trade and Industry Secretary. Under competition law any takeover of a newspaper which involves daily circulation of 500,000 copies on either side of the deal is automatically referred to the Monopoly and Mergers Commission unless there are special circumstances.

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Fleet Street: post-revolutionary climate, Page 7

WEEKEND FT

CULTURAL DIPLOMACY

Britain has often neglected the cultural aspects of diplomacy. Clearer guidelines are needed on the objectives of British foreign policy.
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INVESTMENT

Unit trusts add sweeteners . . . and the BAA flotation springs a surprise.
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TRAVEL

Keith Wheatley reports from Australia's Ayers Rock . . . plus a profile of London's Savoy Hotel.
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GARDENING

How To Spend It on Instant Gardens, Robin Lane Fox on Robinias.
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World Theatre in Stuttgart.
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TENNIS

Where to play abroad: FT reports from Tokyo, New York, Paris, Rome, Brussels, Stockholm . . . and John Barrett at Wimbledon.
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A MARRIAGE LICENCE.

SOME CONFETTI.

MARKETS

DOLLAR	STERLING
New York lunchtime:	New York lunchtime: $1.61
DM 1.826	London: $1.611 (1.6125)
FFr 6.09	DM 2.9425 (2.9475)
SFr 1.5135	FFr 9.815 (9.8375)
Y6.09175	SFr 2.44 (2.4475)
London:	Y235.6 (236.0)
DM 1.826 (1.828)	Sterling index 72.2 (same)
FFr 6.0925 (6.1)	**LONDON MONEY**
SFr 1.5145 (1.5185)	3-month interbank:
Y146,25 (146.3)	closing rate 9½ (9 1/16)
Dollar index 102.2 (same)	**NORTH SEA OIL**
Tokyo close Y145.9	Brent 15-day July (Argus)
US LUNCHTIME RATES	$19.20 (18.625)
Fed Funds 6 11/16%	**STOCK INDICES**
3-month Treasury Bills:	FT Ord. 1,790.7 (+18.2)
yield: 6.0%	FT-A All Share 1,151.76 (+0.7%)
Long Bond: 102¼	FT-SE 100 2,291.3 (+14.1)
yield: 8.49%	FT-A long gilt yield index:
GOLD	High coupon 9.13 (9.05)
New York: Comex August latest	New York lunchtime:
$447.1	DJ Ind. Av. 2,441,33 (−9.72)
London: $444 (441)	Tokyo:
	Nikkei 25,049.83 (+18.48)

Chief price changes yesterday, Back Page

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Austria Sch 22; Bahrain Din 0.650; Belgium BFr 48; Canada C$1.00; Cyprus C£0.75; Denmark DKr 9.00; Egypt E£2.25; Finland Fmk 7.00; France FFr 6.50; Germany DM 2.20; Greece Dr 100; Hong Kong HK$12; India Rup 15; Indonesia Rp 3,100; Israel NS 3.50; Italy L1,600; Japan Y600; Jordan Fils 500; Kuwait Fils 500; Lebanon £L50.00; Luxembourg LFr 48; Malaysia Rin 4.25; Mexico Pes 300; Morocco Dh 6.00; Netherlands Fl 3.00; Norway NKr 7.00; Philippines Pes 20; Portugal Esc 100; S Arabia Rls 6.0; Singapore S$4.10; Spain Pta 125; Sri Lanka Rup 30; Sweden SKr 8.00; Switzerland SFr 220; Taiwan NT$65; Tunisia Din 0.800; Turkey L500; UAE Dh 6.50; USA $1.00; Bermuda $1.50.

Yeutter warns Europe against protectionist talk

BY STEWART FLEMING, US EDITOR, IN WASHINGTON

MR CLAYTON YEUTTER, the US Trade Representative, yesterday warned that protectionist moves in Europe could have an adverse impact on the debate in Congress over the Trade Bill, expected to be approved this year.

Mr Yeutter said the situation in Congress was "very delicate."

"Everyone in the world should be sensitive and not rock the boat."

Mr Yeutter drew particular attention to two looming trade disputes. One was the EC's discussions about the imposition of a tax on oils and fats which the US maintains will have an adverse impact on US soyabean exports to Europe. The other was the financing of the European Airbus.

The US is deeply disturbed by government subsidies of the Airbus, Mr Yeutter said.

"I am convinced that the status quo is intolerable and some thing will have to happen in the relatively near future." His comments came in the wake of a vote in the US Senate on Thursday to approve an amendment to the Trade Bill aimed at allowing the US to impose countervailing duties on imports of Airbus into the US to offset the value of the subsidies.

Mr Yeutter made clear, however, that his more immediate concern was the oils and fats issue which is to be discussed i nthe EC next week. Top EC officials are scheduled to visit Washington the following week for talks on the issue.

Mr Yeutter again hinted that the US would take a tough line and was not prepared to see it shunted aside into the lengthy negotiating processes of the General Agreement on Trade.

He said the EC risked alienating the soyabean industry if it imposed the tax. The soyabean industry had been on the side of free trade.

He said the EC was moving towards violating the standstill on protectionist measures agreed at the Punte del Eeste meeting which launched the latest Gatt round.

Reagan set for Supreme Court majority

By Stewart Fleming in Washington

PRESIDENT Ronald Reagan was yesterday presented with an opportunity to extend the influence of his political philosophy on American public life when Justice Lewis Powell announced his retirement from the Supreme Court, clearing the way for the appointment of a conservative majority.

Justice Powell, who will be 80 in September, is a mod-

Ronald Reagan

erate who has helped reconcile the views of conservative and liberal justices on the seven-member bench.

Mr Reagan has already appointed three justices. Last year he appointed two conservatives to the bench, including Justice William Rehnquist as Chief Justice. In 1981 he nominated Ms Sandra Day O'Connor to the court. He is expected now to try to consolidate the influence of the court's right wing by nominating another conservative.

However Mr Reagan now faces a Senate controlled by Democrats. Moreover the Judiciary Committee, which will hold hearings on his nominee, is chaired by Senator Joseph Biden, a presidential candidate who gave Justice Rehnquist a rough ride during his confirmation hearing. Mr Reagan can thus expect a fight if he should nominate an individual who could be characterised as an ideological extremist.

The court plays a crucial role in the American political system, interpreting whether or not laws are in accordance with the constitution. The decisions of the justices on issues such as civil rights, abortion and the death penalty have both shaped and reflected the attitudes of the nation. The fact that a Supreme Court justice once nominated by the President and confirmed by the Senate is appointed for life, presents a president with the opportunity of extending his political credo beyond his term of office.

Mr Reagan, like many of his predecessors, has already discovered that Supreme Court justices value their independence. Commentators say Mr Reagan's conservative appointees have had less influence than anticipated.

David Barchard explains some of the problems of leaving and entering the country

Coming to terms with Turkish Customs

"I'M SORRY," said the Customs official at the popular Turkish tourist resort of Kusadasi, "but you can't leave the country."

An hour of sometimes frantic arguing followed at the end of which I was grudgingly allowed to rejoin a party of foreign tourists on a day trip to Samos, though not before a policeman had warned me that I might be put on trial.

"Phew," said an American. "That was pure 'Midnight Express'."

My offence was no serious crime. Indeed, the Customs officials admitted that the problem was merely a clerical mistake by their own service. I had left and re-entered Turkey by yacht last summer, and the Customs officials in another port, they said, had made an incorrect entry in my passport. Until it was cleared up, I should not travel abroad.

Turkish friends accepted the story as fairly routine. Since 1980, Turkey has in theory being trying to liberalise its foreign trade and encourage tourism. In practice the country's powerful Customs service is still a law unto itself, doing its best to seal the country hermetically from the outside world and (quite often) to make a dollar or two on the side as well.

Not the least annoying side of my tussle with the Customs was that the officials who made the allegedly incorrect entry had demanded a bribe for carrying out a routine function — and one which does not happen in other European countries.

Other travellers, however, have often been less lucky — and stories abound.

A national outcry erupted a few years back when an aide of Mr Turgut Ozal, the Prime Minister, was discovered with hi-fi equipment in his suitcase after a trip to an Arab capital.

More recently there was the case of a foreign language teacher on a government-to-government exchange whose household effects were impounded for more than six months because of a mistake by the Turkish university employing him.

Only a formal ambassadorial protest and a large payment settled the matter. The wife of a German diplomat trying to fly home on urgent family business was less lucky. Formalities for registering her car in the country had not been completed and she was not allowed to board a waiting Lufthansa aircraft.

Anything from a fur coat to a portable typewriter arouses the suspicions of the customs men. Woe betide the foreign wife who forgets in August to travel abroad with the fur coat she brought into the country in February.

"But foreigners are really the lucky ones," says one Turkish businessman, "They just have to put up with a scrawl in their passports. It is really heart-breaking sometimes to see a Turkish family returning from working in Germany and having their cherished radio-cassette or food mixed confiscated." "I am always a bit nervous when I enter or leave the country," one of Izmir's leading industrialists says.

> The powerful Customs service is a law unto itself, doing its best to seal off the country from the outside world.

Turkish citizens face difficulties not only with what they are carrying but also with obtaining passports. Until a few years ago, top businessmen could find themselves barred from leaving the country because of a small sum owing in back taxes. Even today, when travel abroad has been liberalised, Turks have to pay a fee of $100 to a special extra-budgetary fund when they leave the country.

Granting of passports is by no means automatic. Not long ago one of Istanbul's top advertising executives was refused a passport without any reason being given. He is not, he says, facing any court charges.

Two years ago the passport laws were eased by the present Government after having been tightened up by the military earlier in the decade. Among those who benefited was Mr Korkut Ozal, the Prime Minister's brother — a former cabinet minister who was briefly detained after the 1980 revolution and had been banned from travelling since then.

"Things are getting much better," says one of Turkey's leading textile manufacturers. "But you still have to choose your airport carefully. Istanbul, which has the most experience of travellers, is the best. Until recently I had sworn that I would never fly into Izmir airport again."

He adds: "You have to understand that many of the officials at exit points have never been abroad themselves and see foreign travel almost as a kind of treason. They have no idea how things are in other countries."

Nevertheless, allegations of bribery are frequent, perhaps because of the minuscule salaries earned by officials, while smuggling scandals regularly erupt.

"Smuggler" indeed is a term of opprobrium often used about the country's non-Moslem minorities. In the past few weeks it has been one of the epithets that Mr Ozal and his arch-rival, Mr Suleyman Demirel, have been hurling at each other. Still, the Turkish Customs system is occasionally tempered by discretion and even humour, as I discovered last year when trouble arose at an airport when I was trying to bring in a car radio.

As a foreigner, I was told, nothing could be done. Foreigners are not allowed to pay duty and bring in such items.

I produced my Turkish press card. "Ah," beamed the senior Customs man. "You are really a state employee just like we are." And he waved me through the barrier.

EC pasta war talks with US deadlocked

BY TIM DICKSON IN BRUSSELS

TALKS AIMED at resolving the long-running "pasta war" between the European Community and the US appeared to be making little headway in Brussels yesterday. Officials on both sides indicated that the negotiations will probably continue over the weekend.

The dispute centres on the level of export subsidies paid by the Community to EC producers. The US National Pasta Association claims these enable imported Italian pasta to be sold at wholesale prices 40 to 60 per cent lower than domestic supplies. The increase in the Italians' market share has been particularly marked in the north-east of the country.

In the tense climate of EC/US trade relations, the problem goes well beyond the estimated $30m of EC pasta exports which are most obviously at stake. Both the Reagan Administration and the European Commission believe that a settlement of the issue could improve the atmosphere in Congress where discussions on forthcoming trade bills are taking place amid rising protectionist sentiment.

Subsidies on EC pasta vary from month to month. According to the NPA they have ranged between 15 and 18.5 cents per pound in 1987. The US argues that the payments contravene Gatt rules on the grounds that pasta is a processed product; the EC counters that the subsidies are only related to the durum wheat content, the main ingredient, and that a Gatt panel ruling on the subject in 1983 was never confirmed by the full council.

It is understood that the EC has offered to reduce the subsidies by 15 per cent and has tied this to a proposal that Italian producers could alternatively be exempted from paying the levy on imported US durum wheat. The official US response was not thought to be positive last night but the association emphasised that in its view this was certainly not enough.

This week's talks follow several years of negotiation and a "solution" last August which was linked to a separate deal over US citrus exports. That pasta pact, however, only committed both sides to conclude a deal by July 1, or later if conditions in the citrus package had not been met.

European tax move angers businessmen

BY WILLIAM DULLFORCE IN GENEVA

EUROPE'S BUSINESS community reacted strongly yesterday to a Council of Europe decision to open for signature a convention providing for close co-operation among countries in combating tax evasion and avoidance.

Mr Hans Koenig, secretary-general of the International Chamber of Commerce, said the Council's ministerial committee, which took the decision in Strasbourg on Thursday, had disregarded the "clear and unequivocal warnings of the dangers of the convention" voiced by the business community.

The convention on mutual administrative assistance in tax matters drafted by officials of The Organisation for Economic Co-operation and Development opens the way for national tax authorities to exchange information which would help them collect taxes, enforce claims or initiate prosecutions covering all compulsory taxes except for customs duties.

Dubbed Interfipol by its opponents, echoing Interpol, the acronym for the international police organisation which co-ordinates the battle against crime, the convention has been vigorously pushed by the US and the Nordic countries.

Ratification by five states would bring it into force. In principle, the convention would apply to the 21 member countries of the Council of Europe, plus Australia, Canada, Finland, Japan, the US and New Zealand, but governments can decide to opt out.

West Germany, Switzerland and Luxembourg have said they will not sign the convention, but they did not block the ministers' formal decision to go ahead. Approval must also come from the OECD Council next autumn after which the convention would be open for signature on January 25. Its opponents now hope to halt it in the OECD, where Switzerland once vetoed an earlier draft.

"We shall stick to our guns," Mr Koenig said yesterday. but Mr Anton Keller, Secretary of the Swiss Investors Protection Association, criticised the feebleness which private enterprise had shown in putting its case across to governments

The "spontaneous exchange of information" allowed for in the convention, under which a national tax authority can pass on unsolicited information to another, has been on focal point of opposition.

Others have been the provision for simultaneous audits of businesses by two or more national authorities, the right of foreign tax officials to attend such an audit, and the institution of a co-ordinating "super agency" in the OECD.

Governments' failure to open the draft convention to wider discussion with business before deciding to open it for signature was particularly condemned by Mr Koenig.

Proponents of the convention say it allows governments to limit their participation in its measures, provides safeguards for taxpayers, and contains strict rules about the secrecy of the information passed on.

Countries agree to step up drugs fight

By Christian Tyler in Vienna

GOVERNMENTS of nearly 40 countries yesterday promised to step up the fight against the estimated $300bn-a-year illegal drugs market.

A ministerial conference, under United Nations auspices, on drug abuse and trafficking ended after nine days with an unusual degree of harmony, if few concrete results.

Delegates said its importance lay not in the discussions but in the promise of mutual assistance in detecting and prosecuting drugs dealers, many of whom are sponsored by organised crime syndicates.

A compendium of suggested measures, covering everything from crop substitution programmes to rehabilitation of drug addicts, was adopted. This was seen as a valuable reference work, especially for less developed countries where policy-making is still formative and resources scarce.

A political declaration at the end of the conference suggested that the UN's own drug control agencies will receive more support than in the past. In particular, the UN Fund For Drug Abuse Control may see a big increase in the amount of aid that countries channel through it for its work in the front line.

Delegates called for "urgent but careful preparation" of a new convention, already in draft, against the traffic of both plant-based and synthetic drugs. It would require governments to ratify it to harmonise their judicial systems so that extradition and prosecution are made easier and punishment, including the seizure of drug dealers' assets—is uniformly severe. However, there was no move this week to promote a wider use of the death penalty for drug traffickers.

Dr Mahathir Mohamad, Prime Minister of Malaysia and chairman of the conference, said there had been very little dissention. He described the conference as the most important yet on the subject, and stressed: "No one country can succeed in the fight without the help of others—especially its neighbours."

Concern over Italy's public sector deficit

BY JOHN WYLES IN ROME

THE ITALIAN Treasury Minister, Mr Giovanni Goria, yesterday acknowledged for the first time that, at current levels of spending, the Government's public sector deficit target was unlikely to be met this year.

The news came as no great surprise to his audience at the annual assembly of the Italian Bankers' Association which was already digesting the minister's move late on Thursday to aid his financing of the deficit by raising by more than a full percentage point the before-tax rates on three- and five-year Treasury bonds.

With the rates on short term Treasury notes also rising by around 0.5 per centage points, the bankers were forecasting yesterday consequent increases in their own charges

Another factor influencing the move towards higher rates is the continuing boom in bank lending, which rose at an annual rate of 15 per cent in May. Mr Carlo Azeglio Ciampi, the Governor of the Bank of Italy, warned the meeting that this rate of growth was becoming a source of instability in the economy, while Mr Goria said it was difficult to explain when output was rising at a nominal rate of 7-8 per cent.

Mr Goria, who has been at the Treasury for the past four years and is currently a member of a caretaker government, sought to play down the probable failure to meet the deficit target of L100,000bn. (£47bn). There was no need at this time to defend a figure as if it had some kind of "magic value," he said, but the trend in public spending would have to be followed closely and some more effective controls introduced in the 1988 budget.

Yesterday's speeches were heard with more than usual attention by leaders of a banking industry which is being pushed by the authorities into a much more liberalised and competitive environment. Their most important collective response was expected to be the confirmation yesterday of Mr Piero Barucci as their new president.

Currently president of the Monte dei Paschi di Siena, 54-year-old Mr Barucci replaces Mr Giannino Parravicini in a move which is seen as likely to sharpen the association's profile as a lobby for the banking industry.

The choice was not without controversy, however, since the Christian Democrat Party came out openly in Mr Barucci's favour, in a declaration which was seen by many as a further politicisation of an industry where top appointments are already excessively controlled by the political parties.

Mr Barucci's election was accompanied by the nomination of Mr Francesco Bignardi, currently director-general of the Banca Nazionale del Lavoro, as the first director of the newly-created depositors' guarantee fund which opens its doors next month.

New EC rules will reduce guaranteed butter price

BY TIM DICKSON IN BRUSSELS

THE GUARANTEED price paid to EC butter producers is set to fall from next week following a decision in Brussels to modify the existing market regime.

The changes were foreshadowed in new rules for the dairy sector agreed by EC farm ministers earlier this year. These provided for the suspension of the current "intervention" system when the build-up of new butter stocks (taking March 1 as the base date) exceeded 180,000 tonnes.

That "target" has now been reached, although recent subsidised sales of older butter in the Community's stores—notably 300,000 tonnes to the Soviet Union—mean that the "mountain" at 1.2m tonnes is below its peak.

The present arrangements for buying in, meanwhile, will be replaced by a tender system under which producers and traders will be able to submit offers to the weekly management committee of member states and Commission which ensures the proper functioning of the market. The prices accepted will be at the committee's discretion, but a Commission official emphasised last night that "the new net position will not be so good for producers."

Payment delays under the new system will in fact be reduced to 90-120 days—against 240 at present—but the offers accepted under the tender will certainly be below the Ecu 3,132 (£2,192) per tonne official intervention level.

Market prices at the moment vary between 94 and 96 per cent of the intervention price. Under this year's ministerial agreement the old system will be reinstated if prices fall to, or below, 92 per cent of the intervention price, or to a level at or below 90 per cent where the build-up of stocks since March 1 exceeds 250,000 tonnes.

Ex-CIA chief contradicts Tower verdict

BY LIONEL BARBER IN WASHINGTON

SECRET testimony by William Casey, the former CIA director, to the House of Representatives last autumn about President Reagan's knowledge and approval of US arms sales to Iran directly contradicts the President's Tower Commisson report.

Mr Casey told the House Intelligence Committee that President Reagan was unaware of Israel's August 1985 shipment of US-made Towanti tank missiles to Iran. He said the US agreed to replenish Israel's weapon stocks, but only after expressing its displeasure with the sale to the Israeli Government.

The Tower Commission, appointed by Mr Reagan to investigate the Iran Contra affair, said it was "most likely that the President approved the Israeli shipment in advance; it is of paramount importance that the President never opposed the idea of Israel transferring arms to Iran."

This latest disclosure came yesterday in documents declassified by the Iran Contra Comittees which are holding public hearings into the affair.

The documents confirm earlier testimony this week that Mr Casey, White House aide Lt-Col Oliver North and President Reagan's national security adviser, Rear Admiral John Poindexter prepared misleading testimony to Congress last year over US involvement in the arms sales to Iran.

Whether the President approved the August 1985 shipments is a crucial question because Mr Reagan did not formally certify the shipment of arms to Iran, as required by law, until January 1986. Yet the CIA was involved in the arms shipments and Col North co-ordinated them as part of an effort to secure the release of American hostages held in Lebanon.

The Iran Contra hearings are in recess until July 7 when Col North wil make his first appearance in public. He will then break a seven-month silence on his role in the affair.

William Casey

Communist rifts exposed in Italy

By John Wyles in Rome

THE ITALIAN Communist Party has been pushed into a most unusual public display of internal division, in the wake of its recent election defeat, by an attempt by its leader, Mr Alessandro Natta, to nominate his potential successor.

On the day before the party's central committee was due to begin its inquest into the loss of more than 1m votes at the election on June 14-15, Mr Natta called on the party executive to accept the nomination of Mr Achille Ochetto as vice secretary

The move was seen by the right wing as an attempt to forestall any significant changes in policies which they hold responsible for the party's biggest post-war election setback. Eleven of the 38 members of the executive voted against Mr Ochetto.

There is no indication as to when Mr Natta may move over for Mr Ochetto, but his likely appointment is causing parallels to be drawn with the refusal of the French Communist Party's leadership to reform itself in the face of steady electoral decline.

Interestingly, the Italian Communists are not making any attempt to hide their internal differences. Their newspaper, L'Unita, yesterday reported the fact of 11 votes opposing Mr Ochetta, and yesterday's major speech of opposition to the central committee from the right wing was carried by all the Italian news agencies.

This was delivered by Mr Giorgio Napolitano, head of the party's international department, who leads its "social democratic" wing and favours collaboration with Mr Bettino Craxi's Socialist Party. He said Mr Ochetto's nomination was "a hurried and unconvincing choice."

Swedish growth still sluggish

By Kevin Done in Stockholm

THE SLUGGISH growth in the Swedish economy continued in the first quarter of 1987 with an increase of only 0.5 per cent in gross domestic product compared with the same quarter last year (GDP).

Growth in the Swedish economy has slowed in the last two years with an expansion of GDP of only 1.3 per cent in 1986 after increases of 2.2 per cent in 1985 and 4 per cent in 1984.

Pretoria hints at widening talks

BY ANTHONY ROBINSON IN JOHANNESBURG

MR STOFFEL van der Merwe, South Africa's Deputy Minister for Constitutional Development who was recently appointed by President P. W. Botha to assist him in opening up a channel of negotiation with black leaders, has hinted at a more flexible approach to power sharing talks.

In an interview on state-controlled South African television, Dr Van der Merwe, a former academic who doubles as Deputy Minister of Information, said he was prepared to speak "to elements of the United Democratic Front" (UDF) and even to people detained under the state of emergency or security laws.

Asked whether this extended to holding talks with jailed African National Congress (ANC) leaders such as Mr Nelson Mandela, the minister replied that this was a special case but that he had "no objection in principle" to talking with detainees.

"I have a job to do and if it is part of the job to talk to someone in jail or detention that mere fact will not stand in my way," he said.

Earlier this month the UDF gave its first tentative indication of reciprocal interest in "talks about talks" when Mr Archie Gumede, a joint president, visited the President's Council, the top-level policy advisory body, for a meeting with senior officials.

The UDF, founded in 1983 to co-ordinate opposition to the new constitution with its racially separate houses for whites, coloureds and Asians that ignored the aspirations of blacks, has been a prime target of repression under the state of emergency. Hundreds of its leaders have been detained while its access to foreign funding was cut off by the Government.

Since the emergency was re-introduced 13 months ago, the UDF has in effect operated as a clandestine organisation with its remaining leaders living an underground existence, emerging occasionally to give a quick Press briefing or issue a policy statement.

Yesterday it marked the anniversary of the 1955 "Freedom Charter" with a press statement announcing that the nine UDF regions had agreed to adopt the charter as the organisation's political programme and rejecting the government's proposals for an Advisory National Statutory Council.

The Freedom Charter, a vaguely worded socialist style manifesto, calls for the nationalisation of mines and redistribution of land and was recently adopted by three big unions affiliated to the Congress of South African Trade unions (Cosatu).

Serbs protest at persecution by Albanians

MORE THAN 1,000 Serbs and Montenegrins from Yugoslavia's Kosovo province protested outside parliament yesterday at alleged persecution by ethnic Albanians, Reuter reports from Belgrade.

Inside, the ruling Communist Party was meeting to discuss tension in the region, where 1.7m ethnic Albanians dominate 200,000 non-Albanians.

The Kosovo protesters flocked to Belgrade to draw attention to alleged harassment and brutality committed against them by Kosovo's ethnic Albanian majority, who are accused of trying to set up their own Albanian republic.

The protesters, some in their late 70s, said the properties had been burned or taken away and their children had been raped and abused.

Spanish opinion supports firm line on Rock airport

BY DAVID WHITE IN MADRID

CHARGES OF "operetta imperialism" and "intransigence" were thrown at the British Government yesterday by the leading Spanish daily, El Pais, after the deadlock in EEC talks on air transport reform over the Gibraltar question.

El Pais, which is considered the newspaper closest to the Government, placed the onus for unblocking the negotiations on London in the light of Spain's latest proposals.

Spanish negotiators are seen as having significantly softened their position by accepting the agreement to liberalise air transport on condition that subsequent talks were held with Britain to find a solution to the Gibraltar airport issue.

El Pais's reaction is indicative of the pressure the Government is likely to come under in Spain to maintain its stance, even against strong lobbying by other Community partners.

Mr Abel Caballero, the Transport Minister, told Spanish radio he was pessimistic about prospects for agreement in the renewed ministerial talks planned early next week.

Negotiations on joint civilian use of Gibraltar's RAF-controlled airport have been bogged down since the two sides agreed to talk on this and other issues in 1984. Spain has sought an arrangement modelled on Basle-Mulhouse airport on the French-Swiss border, which would enable Spanish nationals to fly from Gibraltar without first having to pass through British passport control and Customs.

This would give Spain symbolic rights on the Isthmus where the airport is located. Madrid has a separate sovereignty claim to this area,

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OVERSEAS NEWS

Doubts emerge over the two Kims' abilities

Maggie Ford profiles S Korea's very different opposition leaders

AT THE HEIGHT of South Korea's civil disturbance, a poignant letter appeared in a newspaper from the father of two sons. One was a riot policeman, the other a student. Every *day they faced* each other, one wielding a tear-gas launcher, the other a Molotov cocktail.

The letter expressed deep anger and pain about the nation's divisions — not only between the Communist North and the South under military-backed rule, but also within South Korea itself.

Mr Kim Young Sam and Mr Kim Dae *Jung, the two politicians* who stand to benefit if the movement for democracy succeeds, themselves reflect the *divisions.*

Mr Kim Young Sam, 58, comes from a rich family who run a *fishing* business near Pusan in South Korea's developed industrial heartland. Educated at a prestigious university, he was the youngest national assemblyman elected.

His views are conservative and attractive to the middle class. Although *he has suffered* harassment and house arrest under two régimes, he has not attracted the same government *vitriol as his colleague.*

Mr Kim Dae Jung, 61, comes from a poor background. He was born in Mokpo, the son of a fisherman, in the deprived Cholla province which has been starved of development spending for political reasons. His university education was interrupted by the Korean war. Mr Kim won 46 per cent of the vote in the rigged 1971 presidential election against former president Park Chung Hee.

He has been jailed and placed under house arrest by the Park and Chun governments numerous times, and was kidnapped and almost killed by the Korean Central Intelligence *Agency. His* execution for sedition in 1982 was only stopped by US intervention.

Both these politicians have proved their dedication to the cause of freedom, human rights and democracy for years. Yet, as the People's Democratic Movement gains momentum in the country, representing the educated middle class as well as students and ordinary people, doubts remain over whether the two Kims are capable of leading it. Many feel *they may* be yesterday's men, rooted in the manipulative politics of the past.

Although South Korea has the trappings of a democratic political system—a national assembly, a constitution and political parties, none of these institutions function in the way those living in a real democracy would expect.

This month the anger has boiled over. The people are demanding genuine, sincere politics, where elected politicians have power to negotiate and bargain, where each side is treated fairly, where real issues are discussed and manipulation is consigned to the past.

The problem is how to dismantle the power of the *state* through its security forces, and place power in the hands of the people through elections *and independent institutions.*

The ruling party has already made a start in introducing some democratic debate among national assemblymen for the first time, but the two Kims have not yet had a chance to show whether or not they can respond to the people's wish.

Mr Kim Dae Jung has been banned from making speeches *or appearing on television* since 1980, so his politics and personality are unknown to most people.

He is credited with having high intelligence and moral convictions, arising from his catholicism and background of suffering. He is however suspected of being authoritarian when a more conciliatory attitude may be appreciated.

Kim Young Sam: suspect political judgment

Kim Dae Jung: seen as too authoritarian

Some believe *Mr* Kim has a role to play if the divisions in the nation are to be healed. *They believe he may be able to* persuade the people of Kwanju, his home province, to give up any desire to seek revenge in the interests of national reconciliation.

During the 1980 uprising in the city against the Chun government at least 200 people, and perhaps more than 1,000 were killed. It is fears of *revenge which many believe* makes Mr Kim unacceptable to the South Korean military.

Mr Kim Young Sam suffers from *different* image problems. He is not credited with good political judgment, essential in a nation where the military are so strong, and the threat from the North so constant. His moral credentials are only adequate and his *convictions* are seen to be weak.

Mr Kim potentially has the conciliatory attitude that is felt *to be necessary, however, and* remains popular in his important home province, the most developed area of the country.

Should the people have a chance to vote in a fair election, they are almost certain to vote *for* the opposition whoever its leaders are, as they did in 1985.

Their immediate concern is *not to worry about the quality* of the politicians but the intentions of the incumbent president and the military. Time will tell, they *feel*, whether the Kims can respond to the new mood. In the meantime, the task is to win a chance for them to try.

Toshiba eats humble pie in attempt to placate US

By Peter Bruce in Tokyo

THE GIANT Toshiba electronics group yesterday made a *contrite* apology to the US for the sale by one of its subsidiaries of machine tools that have helped the Soviet Union ot *build* quieter submarine propellers.

As protests grow in Tokyo against Toshiba by radical right wing groups, the company's president, Mr Sugiichiro Watari, told shareholders yesterday: "We deeply regret and condemn such actions by a company bearing the Toshiba name which have caused serious anxiety to Japan's partners in the free world."

Washington has said the machine tools, sold by Toshiba Machine, will help make Soviet submarines *harder to detect and mean* Nato wil have to modernise its submarine detection systems.

Toshiba's exceptionally humble apology is part of an attempt to head off moves in the US Congress to ban all Toshiba products from the country as punishment. Calling the sale of the tools to *Moscow "a disgrace," Mr* Watari said the company was appointing independent American counsel to investigate the affair and to recommend ways of preventing it happening again.

The sale was illegal, because it broke Western rules governing the sale of high technology equipment *to Communist countries.* Toshiba claims it had no control over Toshiba Machine's daily operations and should not be punished.

"We are firmly determined to preserve the accomplishments *derived through* mutual trust and co-operation developed through our relationship with America over many years and (to) protect it from this unfortunate incident," Mr Watari said.

Right-wing vandals smashed up offices in Toshiba Machine's Tokyo headquarters earlier this week. The parent company's headquarters has been picketed by a fascist group which has broadcast loud abuse at it for most of the week.

UK NEWS

David Churchill looks at what is attracting today's tourists

Wax works for Madame Tussaud's

MADAME TUSSAUD'S the famous London waxworks, has become Britain's top paid-for tourist attraction — replacing the Tower of London as their *favourite place to see.*

Some 2.4m tourists visited Madame Tussaud's in London last year, giving it top place ahead of Alton Towers theme park and the Tower of London.

Tussaud's rise to the top, based on figures published by the tourist boards of England, Scotland and Wales, comes largely as a result of careful and *determined marketing of its* attractions.

That marketing strategy, won it an award from the Institute of *Marketing* last year — one of few operators in the British tourist industry to do so.

Mr Michael Herbert, Tussaud's chief executive, says: "People still want to see our models because they are three-dimensional compared to the flat two-dimensions of television.

Tussaud's *popularity* comes after a year in which Britain's tourist industry — which employs 1.3m people and accounts for over £13bn of con*sumer spending (including* overseas visitors) — realised how vulnerable its prosperity could be to the fickle nature of the international tourist.

A year ago, fears of terrorism and the aftermath of Chernobyl had caused a sharp fall in North American visitors to the UK and the rest of Europe. But Britain fared better than other countries, mainly because of the wider spread of tourists from abroad who see Britain as a leading travel destination.

Some 13.8m people visited the UK last year, some 4.5 per cent down on the 1985 record total, but higher than in 1984.

PAID-UP VISITS TO TOURIST ATTRACTIONS ('000)	1985	1986
Madame Tussaud's, London	2,313	2,391
Alton Towers, Staffordshire	1,915	2,250
Tower of London	2,430	2,020
Magnum Leisure Centre, Irvine	1,114	1,326
London Zoo	1,254	1,190
Kew Gardens, London	1,112	1,147
Thorpe Park, Surrey	1,100	1,060
Drayton Manor Park Staffordshire	910	962
Jorvik Viking Centre, York	897	868
Edinburgh Castle	923	832
Roman Baths and Pump Room, Bath	898	828
Royal Windsor Safari Park	969	757
Newport Leisure Centre, Gwent	na	739
Chester Zoo	700	733
Planetarium, London	647	718
Swansea Leisure Centre	459	704
Windsor Castle, State Apartment	735	616
Wisley Gardens, Surrey	521	599
Castle Museum, York	638	592
Royal Academy, London	764	582

Source: English, Scottish and Welsh tourist boards

Tussaud's has long been among the *main tourist* attractions. British residents, not surprisingly, are the biggest single source of visitors, followed by Americans, Germans, and Australians.

The French accounted for only some 4 per cent of visitors last year, even though it was a French citizen, Madame Marie Tussaud, who brought her exhibition to Britain almost 200 years ago.

Her wax models of French aristocrats who died under the guillotine during the French revolution became very popular as she toured Britain, until 1835, when the Baker Street area of London was chosen as the site for a permanent exhi*bition.*

It was her grandson, however, who gave the exhibition a new lease of life when it was moved in 1884 to its present site next to the Underground Railway.

The waxworks, still under family control, continued their policy of portraying famous—and infamous—people of the *day, from royalty to villains.*

With the establishment in 1957 of the Planetarium next door, said to be the world's only commercially successful planetarium, and the substantial refurbishment of the waxworks, the company became increasingly profitable.

In the 1970s, it decided on an expansion programme to maintain momentum, and set up the only other Madame Tussaud's exhibition, in Amsterdam, and later acquired the *Wookey Hole caves* in Somerset.

However, in 1977, an attempt to acquire Chessington Zoo in Surrey from the Pearson Group led to a reverse *takeover, with* Pearson adding Madame Tussaud's to its conglomerate operations.

Since then, Warwick Castle and the Royalty and Empire exhibition at Windsor have been *brought under the same wing.*

According to Mr Herbert, that makes Madame Tussaud's "the leading daytime family entertainment operation in the country." The combined group had more than 5m admission-paying visitors last year. Blackpool's pleasure beach had more at 6.5m, but admission there is free.

Madame Tussaud's benefited last year by astutely having the only copy of the Duchess of York's wedding dress on show shortly after the *wedding.* "We always have an eye to what we think the public want to see most," says Mr Herbert.

The next *step* for the company is rather more in keeping with the 1990s than an exhibition based on wax models. Mr Herbert and his colleagues are looking for a site for a family entertainment complex along the lines of what is generally called a theme park, although that is a definition he dislikes.

"*It will have a mixture of* amusement rides as well as various attractions to appeal to families, since we believe it is important not just to offer something for children but for the whole family as well," he explains.

Before that, Mr Herbert is awaiting the re-launch next month of Chessington Zoo to see whether his family entertainment strategy works in the late 1980s.

Pension voluntary top-up plan 'unworkable'

BY ERIC SHORT

THE NATIONAL Association of Pension Funds has warned Mr Nigel Lawson, Chancellor of the Exchequer, that his proposals for independent Additional Voluntary Contributions are unworkable *as they are.*

In the Budget, Mr Lawson introduced the concept of allowing employees in company pension schemes to make their own arrangements or to pay extra pension contributions to increase benefits as an alternative to using the AVC arrangement within the company scheme.

The association has welcomed the concept of independent AVCs but believes the proposed measures will be unworkable unless the Inland Revenue amends its attitude on limits.

The association is particularly concerned about the Revenue's insistence that the benefits secured by the added contributions, savings and the pension from the company scheme, must not exceed two thirds of final earnings.

If that limit is breached, the benefits have to be reduced.

The association points out that the provider of the AVC could not cut back on the investment return paid to em*ployees. The employees would* therefore have their company pensions cut in order to comply with the Revenue ruling.

It would mean that employees would have to check carefully and continuously on the level of contributions made into the AVC to avoid such overfunding—a task that the association considers impossible for the employee.

The association calls on the Chancellor to amend all the AVC proposals in the forthcoming Finance Bill.

It says the only limits that should be imposed are the contribution limit of 15 per cent of earnings (company pension and AVC combined) and stipulation that employees use the full benefit of the investment return on AVCs and policies to buy pensions.

Shotton newsprint plant to double in £120m plan

BY TONY JACKSON

UNITED PAPER Mills of Finland is to spend £120m on doubling the size of its newsprint plant at Shotton in North Wales. The investment will make the company by far the biggest newsprint producer in the UK.

The mill, opened just over two years ago, produces 200,000 tonnes a year on a single machine. A second machine, planned for ompletio nbefore 1970, will bring capacity to over 400,000 tonnes. The investment would create up to 100 jobs, the company said, with a further 1,200 indirect jobs in forestry, transport and services.

UPM's decision is further evidence of a remarkable revival in newsprint production in the UK. From a peak of some 800,000 tonnes a year in the late 1960s, domestic capacity had by 1980 fallen to a tenth of that level. The second machine at Shotton will restore total national output to over 700,000 tonnes.

The UK market for newsprint is about 1.5m tonnes a year, chiefly supplied by North America and Scandinavia. The biggest UK producer at present is Cinsolidated Bathurst of Canada, which produces around 245,000 tonnes at its Bridgewater mill in Cheshire. The only other sizeable producer is Reed International, with some 60,000 tonnes.

Mr Francis Davis, Shotton Paper Sales' managing director, said the orignal conception of the Shotton mill had always included plans for at least a second machine. He denied that the decision was connected with the recent rise in newsprint prices, up by 9.5 per cent to £400 a tonne this month after a 6 per cent rise last October.

"We have had a lot of success with raw materials and labour in the first phase of the mill", hesaid. The timbing had also coincided with a renaissance in the UK newspaper industry, the appearance of new titles and the move to computer technology.

The only other large user of British trees to make paper will be another Finnish company, Kymmene-Stromberg, which has just started building a mill at Irvine in Scotland to make l'ght weight coated paper for magazines and catlogues.

Mr Davis said: "Consideration was given to making alternative grades of paper at Shotton, but we came down overwhelmingly on newsprint". There was room for a third unit at the Shotton site, but whether lightweight coated might be made there was a consideration for the future.

Ministers pull together on inner cities work

By Ian Hamilton Fazey, Northern Correspondent

GOVERNMENT MINISTERS are prepared to use eight years' experience of the workings of Whitehall to ensure that "who does what" disputes do not disrupt their team work on urban affairs and inner cities.

In Interviews with the Financial Times, they have made clear that the co-operative approach, which they believe has worked in the regions, will now be expected to work in Whitehall.

Mr David Trippler, who reports to Mr Nicholas Ridley, Environment Secretary, says the department's role will be to create the conditions and climate in inner cities that will enable job-creating businesses to flourish.

Mr Kenneth Clarke, Trade and Industry Minister and a leading member of Lord Young's team, says his department of Employment, which retains responsibility for small concern, will be engaged in motivating business to follow the bulldozers in—possibly with financial assistance — and provide trained local people for them to recruit.

Pulling all the role together may be a complex and difficult task because of the traditional federal structure of Whitehall. However, the political will to draw them together will come from a Cabinet committee chaired by Mrs Thatcher. "The Prime Minister is in charge and it is certainly going to happen," Mr Tripper said.

Lord Young has long experience in overcoming Whitehall obstructiveness, as chairman of the Manpower Services Commission, and when he set up the enterprise unit at the Cabinet Office.

The unit ran into bureaucratic inertia when it tried to cut the red tape afflicting small businesses in particular a task that cut across most of Whitehall. It found that departments were adding administrative burdents to businesses independently of each other.

Urban policy will be concerned with five key areas, each with a series of associated instruments. They are:

- Tackling dereliction, assembling land, and preparing it for development;
- Encouraging private investment and new jobs;
- Reducing controls;
- Better housing, more housing choice, and breaking "the council housing monolith";
- Making urban local government more efficient and accountable.

Healey warns of third world war

BY IVOR OWEN

THERE IS a real danger of the US and the Soviet Union being drawn into a conflict in the Middle East that might provoke a third world war, Mr Denis Healey warned the Commons yesterday in his final speech as shadow Foreign Secretary.

Injecting a sombre note in what he refused to call his front-bench swan song — "politically I am rather a bird of prey" — he maintained that it was Sarajevo, where the assassination of Crown Prince Ferdinand led to the First World War, and not Munich with its associations with Chamberlain's appeasement policy, that should be borne in mind.

Mr Healey looked forward with relish to his new role after 33 years on the front benches when, from "a higher perch" on the back benches he would be able to select his quarry "from a wider range of animals" on the government side of the House.

Sir Geoffrey Howe, Foreign Secretary, who, in opening the resumed debate on the Queen's Speech taunted Mr Healey over his change of stance on unilateral nuclear disarmament — "as a political acrobat he has performed more somersaults than most constitutions could stand" — also highlighted the dangers of the Middle East situation.

Reaffirming the Government's support for an international conference on the Arab-Israel issue, he acknowledged that it would have to include "proper Palestinian representation" without specifically endorsing a suggestion that it should involve the PLO.

Mr Healey argued that the change in policy by the US and

Sire Geoffrey Howe (left) and Mr Denis Healey. "Sarajevo, not Munich," says Labour backbencher

the Soviet Union on reducing their nuclear arsenals indicated that it was recognised in Washington and Moscow that nuclear weapons were not only immoral but also unusable.

He said: "This has produced a historic reversal of Soviet doctrine on world affairs which offers us the first real prospect in history of ending the arms race and basing international security on some sort of world basis."

Mr Healey contended that statements made by Mrs Margaret Thatcher — when she indulged in "bellicose claptrap" and claimed that the possession of nuclear weapons provided the only means by which a small country could stand up to a big one — might prove an obstacle to progress in negotiating reductions in nuclear weapons.

He looked to Sir Geoffrey to ensure that the Prime Minister's "unholy passion for nuclear missiles" did not result in Britain's clear national interest being overruled.

Mr Healey promised: "If he succeeds we shall do everything possible to support him and if he does not make the attempt we shall unremittingly and mercilessly force a change."

Sir Geoffrey promised that the Government would continue to work for an improvement in East-West relations but questioned whether the fresh approach initiated by Mr Gorbachev was fully supported by his associates in the Kremlin.

It was far from clear that the Soviet leadership had abandoned the destabilising ambitions and dogmas of past years.

Sir Geoffrey emphasised: "While we welcome the signs of change in Mr Gorbachev's Soviet Union that are clearly positive, remain vigilant for our own security. We are determined not to mistake a mirage for reality."

Dealing with the negotiations on reductions in nuclear arms Sir Geoffrey insisted that it would be wrong to allow the Soviet Union to avoid facing the need to tackle the Warsaw Pact's overwhelming preponderance in chemical and conventional weapons. "Our purpose is to prevent all war, not just nuclear war," he said.

Sir Geoffrey refused to confirm that the Government had authorised Short Brothers of Belfast to supply Blowpipe missiles for use against Soviet forces in Afghanistan. He told Labour critics that he expected "most MPs would thank goodness" that modern weapons were getting through to the Afghan people as they defended themselves against a vast modern army.

Mrs Lynda Chalker, Foreign Office Minister of State, assured the House that recent allegations that the Government was involved in supplying arms or trading with the Contra rebels in Nicaragua were totally unfounded.

The debate was adjourned until Monday.

● Earlier in a BBC radio interview, Mr Healey looked back on his ministerial career and described his five years as Chancellor as his most difficult but in some ways most rewarding job. He said his task had been to try to save Britain from economic collapse after the dreadful experience of the Tory Government in the 1970s.

Electrical group's broker quits

By Philip Coggan

SHEPPARDS & CHASE has resigned as stockbroker to Sound Diffusion, the electrical equipment leasing group, which has been forced to postpone the announcement of its 1986 figures because of disagreements with its auditors.

On Tuesday, Sound Diffusion announced plans to issue unaudited results on June 30 after disagreements with auditors Ernst & Whinney about how much of its £30m gross surplus on new leases could prudently be taken as profit this year.

The company also felt the 1985 figures included erroneous assumptions, a belief not shared by the auditors.

If its own accounting assumptions are used, Sound Diffusion expects to meet its profits forecast of £10m, made by the chairman in July last year.

It was the third statement that Sound Diffusion had issued about its results this month: the first blamed "a late detection of anomalies in the computer programs" for the delay; the second denied that it was in takeover talks and alluded to the discussions with the auditors.

Last year Sound Diffusion postponed its figures because of difficulties in applying the new accounting standard, SSAP 21, and when the results did emerge they showed profits of only £5.8m, below the chairman's forecast of £7.4m.

In 1984, the company's shares fell after it revealed profits lower than those predicted by analysts at Sheppards & Chase.

Criticism has grown of Sound Diffusion's relations with the City and press and Sheppards' resignation is linked to its feeling that communications with its client were unsatisfactory.

A ginger group of shareholders has been formed to encourage the group to improve its public relations, with some arguing that Mr Paul Stonor, the chairman, should be replaced.

September likely for £1bn gilts sale

BY JANET BUSH

THE Bank of England's next auction of government bonds is unlikely to take place before September and will constitute a sale of up to £1bn long-dated gilts.

The authorities will officially announce the approximate timing of the sale some weeks in advance, and the actual date and details of the stock to be issued a week prior to the auction itself.

The first of the Bank's series of experimental auctions took place on May 13 when the Government Broker's sale of £1bn 8 per cent gilts maturing in 1992 was covered or subscribed for 2.3 times.

The auction of long-dated stock, if it proves to be as successful as the first sales, would probably be followed by an auction of medium-dated gilts, perhaps at the turn of the year.

The Government Broker yesterday announced that it was making three tranches of existing stock totalling £500m available for dealing on Monday. They are £200m of 10 per cent Treasury loan stock maturing in 1993, £200m of 10 per cent conversion stock due in 1996 and £100m of 9 per cent Exchequer 2002.

Gilt-edged market makers said all three stocks were ones in which primary dealers appeared to have built up short positions that were difficult to close out because the issues were in relatively short supply. That suggests the Bank's choice of stocks will simultaneously find some demand and help primary dealers to cover troublesome short positions.

Gilt prices fell on the announcement yesterday amid general concern about the present funding burden. There is a bunching of calls on partly paid issues in June and July and the public sector borrowing requirement was substantially underfunded in April and May because of the Bank of England's intervention against sterling on foreign exchanges in recent months.

However, the market was relieved that yesterday's funding announcement was in the form of taplets, which can be more easily absorbed than one larger tranche; also the total amount was relatively small.

Charterhouse Bank axes 10 jobs in staff review

BY HUGO DIXON

CHARTERHOUSE Bank, Royal Bank of Scotland's merchant banking subsidiary, yesterday made 10 staff redundant as part of its strategy of refocusing its business on profitable niche markets. Five were of assistant manager level or above, it said.

Mr Tony Best, who joined Charterhouse as joint managing director from Royal Trust of Canada last October, said the banking side of Charterhouse had tended to stagnate in recent years. The redundancies were "a move to sharpen up the business."

Charterhouse's strategy was to reduce or close down parts of the business, such as residential mortgage lending, that competed with its parent. It was also trying to build up its property and private banking business.

Mr Best said some people "have less use in the future than they have in the past. When you select a new area, you need to select the right people to do that business."

The redundancies had nothing to do with increased competition in financial markets since Big Bang, he said, as those involved did not work in capital markets.

Young appoints Sterling as special adviser

By Hazel Duffy

LORD YOUNG, Trade and In dustry Secreary, has appointed Sir Jeffrey Sterling to be his special adviser on industrial and financial affairs. Sir Jeffrey, chairman of Peninsular and Oriental Steam Navigation Company, has been special adviser to several Tory Secretaries of State at the Trade and Industry Department.

The post, as previously, will be part-time and unpaid. Sir Jeffrey will not provide advice on, or be otherwise involved in, departmental matters relating to his company.

Lord Young has also brought Mr Howell James with him to the department, who was his adviser at the Employment Department. His is a full-time appointment. The number of ministers using special advisers has risen in recent years.

Two appointments to the Industrial Development Advisory Board were also made by Lord Young. They are Mr Noel Davies, managing director and chief executive of The 600 Group, and Mr Graham MacKenzie, director of TI group.

The board, comprising members from industry and finance, advises the Secretary of State on major applications for selective financial aid from the private sector.

Boateng attacks Government over housing

BY IVOR OWEN

DISREGARDING the convention that maiden speeches should be non-controversial, Mr Paul Boateng, Labour MP for Brent South, launched his parliamentary career yesterday by roundly condemning the Government's housing policy.

In reasoned rather than ranting tones, he contrasted the Government's refusal to make increased provision to enable local authorities to provide more homes and cut housing waiting lists with the promises of a continued high level of building and slum clearance made by the Macmillan administration in 1959.

Mr Boateng, the first of the newly elected black MPs to participate in the debate on the Queen's Speech, spoke directly to Conservative MPs instead of addressing the chair, as custom requires.

He accused them of "closing the shutters" on housing in his constituency and other inner-city areas despite the hardships suffered by thousands of homeless families with young children, many of whom were being forced to live in squalid hotels providing bed and breakfast accommodation.

Mr Boateng warned Tories: "You can be sure as you seek to close the shutters over the next weeks and months we will not go quietly into the night."

He likened the Government's proposals to allow council tenants to opt for a landlord other than their local authority to a policy of "balkanisation" in accordance with the principle of divide and rule.

To cheers from Labour, Mr Boateng promised to fight the policy "tooth and nail" by seeking to mobilise the communities concerned around "a great campaign for homes in all our cities."

He feared that if the Government succeeded in implementing its policy it would lead to the creation of "sink" estates

Mr Boateng maintained that the money being spent by the London Borough of Brent and other councils in providing unsatisfactory bed and breakfast accommodation for homeless families should be used to finance building new homes.

Kinnock attacks poll tax effects on poor

BY ANTHONY MORETON, WELSH CORRESPONDENT

MR NEIL KINNOCK, the Labour Party leader, yesterday made a scathing attack on the Government's plan to abolish rates in favour of a community charge.

The introduction of a poll tax in place of rates, Mr Kinnock told the Conservative-dominated Association of District Councils, would "impose a crushing burden on the poor and the near poor."

He was speaking in Cardiff at the same venue as Mr Peter Walker, who made his first speech as Secretary of State for Wales.

Mr Kinnock said people would in effect have to pay to vote. The administration of local government would be faced with high expenses and "massive injustices" would be built into the system. Four out of five households would have to meet bills that did not fall due under the present rating system.

Mr Kinnock expressed optimism that there would be enough Conservatives with sufficient courage to soften the legislation, foreshadowed in the Queen's speech on Thursday, when it arrived in the Commons.

The ADC, which represents most councils in England and Wales outside London, the counties and the big metropolitan districts such as Birmingham, Manchester, Leeds and Liverpool, earlier heard Mr Kinnock couple his attack with criticism of the Government's inner-city policy.

There was a crisis in the inner cities, he said, but it was wrong to take the government view that deprivation and decay were restricted to those areas.

Other areas faced the same difficulties and the difference was mainly one of scale. "For the individuals and families and neighbourhoods directly and subjectively affected by urban decay and decline, there is no difference at all."

Defending Labour's metropolitan councils against charges of profligate spending, Mr Kinnock disputed that high rates were an impediment to attracting industry. He quoted a government study that had proved, to his satisfaction, quite the reverse.

If rates were too high then, "as the Audit Commission has made plain, the blame lies with a government that has withdrawn £19bn in rate support grant since 1979 and reduced its contribution to local authority budgets from 61 per cent to 46 per cent."

Mr Walker, who did not meet Mr Kinnock, restated his belief in the need for everyone to work together for the good of the country. He called for an improvement in the ability to communicate, if government policies were to be put across effectively.

Referring obliquely to inner-city questions, he said the creation of businesses was essential if advances were to be made. Mr Walker admitted that the Welsh valleys had special problems, but said "I hope we can make real progress by the time I leave the Welsh Office."

Councils face curbs on tendering criteria

BY RALPH ATKINS

COUNCILS would be banned from using political criteria in chosing their contractors under the Local Government Bill publish yesterday.

The bill would also force councils to put services such as refuse collection and school meals out to private tender in an attempt to ut costs and provide better value for money.

The Government hopes to start the bill's passage through Parliament early this session. Large chunks were introduced in the last parliament but were dropped because of delays in passing the Local Government Finance Act and then the general election.

Launching the bill yesterday, Mr Michael Howard, Local Government Minister, said political discrimination in the awarding of contracts was "a growing and serious abuse."

He cited as an example a questionnaire sent by Leicester City Council to contractors asking if they had worked on nuclear defence programmes.

He said: "This should have no place in the contractual process. To bring national politics into the contract process in this way is an abuse of local authority power that will be stamped out in this bill."

The proposal was welcomed by the Builders Employers Confederation and the Building Material Producers Association. of the BEC, said: "We have been campaigning on this issue for many months. Working on defe-ce contracts is no reason at all to stop building companies from tendering for council contracts."

The bill was criticised, however, by David Blunkett, MP for Sheffield Brightside and president of the Local Government Information Unit, who said it would stop councils monitoring recruitment procedures.

The bill sets out six services that must be exposed to competition from private contractors: They are street and building cleaning, vehicle and grounds maintenance, catering, and refuse collection. Together they account for about £3bn of local authority spending a year.

Mr Howard said: "Even a 10 per cent saving on these services — hardly an impossible target — could save £300m a year."

However, the measure has also been criticised by representatives of local authorities throughout Britain and by trade unions who say it will reduce councils' freedom to make their own decisions, and will increase administrative costs.

Mr Tom Sawyer, deputy general secretary of the National Union of Public Employees, said it was "a recipe for local economic disaster."

The bill would give the Environment Secretary power to add further services to the list.

Other clauses would allow local authorities to give grants to housing associations and other house builders to finance a proportion — probably 30 per cent — of project costs.

The bill would also fulfil the Government's commitment to abolish the dog licence.

Clyde yard at risk as order is lost

BY JAMES BUXTON, SCOTTISH CORRESPONDENT

CONCERN mounted yesterday over the future of the UIE offshore fabrication yard on the Clyde after it lost an order it was seeking from Conoco, the US oil company, for two wellhead decks.

Conoco said it was going to place the order, worth more than £5m, with Press Offshore of Wallsend, Tyne and Wear. The wellhead decks are for the North Valiant gas field in the southern North Sea.

The French-owned yard will complete the last of four wellhead decks for Conoco by next February. Unless it wins other orders it will then have no work. The new Conoco order would have given it work for another nine months.

"The loss of the contract puts the yard into an extremely negative situation," said Mr Brian Divers, its managing director. There would have to be reductions in the hourly-paid labour force at the yard, which numbers 270, of whom about 100 are already on a work-sharing formula. Cuts would be discussed with those to be affected.

"There are other prospects for orders but this was the farmest of them," he said. It was likely that excess capacity in offshore fabrication yards would be even worse around the turn of the year than now.

UIE had initially been allowed to negotiate for the construction of the two wellhead decks for Conoco without competitor yards being involved.

"Conoco wanted a much lower price than we needed in order to be commercial," Mr Divers said. The bidding was then thrown open to other yards and UIE's bid failed.

Last month, Mr Francis Bouygues, chairman of the French company Bouygues, which owns UIE, said the closure of the UIE yard was being considered because of the decline in the North Sea.

Yesterday Mr Campbell Christie, general secretary of the Scottish Trades Union Congress, called on the Scottish Office to put pressure on Conoco to place the order with UIE to keep the yard going. Mr Ian Lang, the Scottish Industry Minister, is to meet representitives of the yard on Monday.

CEGB accused of single 'serious lapse'

BY MAX WILKINSON, RESOURCES EDITOR

THE Central Electricity Generating Board was strongly criticised yesterday by the Monopolies and Mergers Commission for bad management of a project to computerise control of the national grid.

However, the commission said that represented a "serious lapse in an otherwise good record of efficiency and service to the customer in the transmission of electricity." It praised the CEGB's technical expertise.

The commission's report, on the CEGB's bulk transmission activities, resulted from a study begun at the government's request last September.

The report and its appendices run to more than 200 pages. They make several more detailed criticisms of the board, mainly for its lack of rigour in planning the reorganisation of its management from a regionally based structure to more functional divisions of responsibility.

The report said: "We found confusing the distinction the CEGB makes between accountabilities, responsibilities and supervisory interests." It said the board should more clearly define the roles of board members so that personal accountability is unambiguous.

The commission also criticises the board for being slow in improving management information systems, and says a more rigorous approach should be taken to setting budgets.

However, the report's strongest fire is reserved for the management of the so-called five-centre grid-control project. This started in 1977 but is still unlikely to be completed until the early years of the next decade.

The cost of the project had risen from initial estimates of about £11m for a two-tier control system and £8m for a national control system to the most recent estimate of £95m.

The delays and cost overruns, mainly associated with bad management of the computer-programming part of the project, was now costing almost £1m a year because of premature spending on buildings and equipment, the report said.

The board was also losing the benefit of £1m to £2m a year of resource savings that the computerised system was intended to provide, in addition to the benefits of more effective system management.

The report said the board was to blame for underestimating the project's scale, particularly the computer software part, and for failing to provide effective project management.

One consequence was that the board failed to discover until March 1985 that the estimate for software development was "woefully inadequate." It was then decided to use outside expertise to develop the project.

However, the commission warned that that did not mean the board was absolved from responsibility for supervising the project, which it described as high-risk.

The mistakes in the project were identified last year in an internal CEGB report by Mr Fred Bonner, former deputy chairman of the board. He found 13 ways in which the management of the project was unsound from the start.

The commission says it hopes the CEGB has learnt the lessons from this failure, including the need for better management, improving the quality and training of some of the engineers, and more detailed monitoring of progress.

Central Electricity Generating Board: Report by the Monopolies and Mergers Commission on the efficiency and costs of the CEGB in discharging its functions for the transmission of electricity in bulk. Cmnd 157; £12.10.

Water authorities reject plan for river control

BY FIONA THOMPSON

CHAIRMEN *of the 10 water* authorities in England and Wales have unanimously rejected a crucial part of the Government's privatisation plan for the water industry.

The Water Authorities' Association said yesterday it strongly opposed the proposal to create a national rivers *authority* to take overall regulatory and river management functions. That would leave the newly privatised water authorities with responsibility for just the *supply of water*, sewerage and sewage disposal.

The Government made the proposal, without consultation, just before the general election. It had *originally planned* to privatise the water authorities as they stand. The 10 chairmen met Mr Nicholas Ridley, Environment Secretary, on Thursday

Mr Gordon Jones, association chairman, said yesterday the authorities all accepted the need for regulation—a control on charges and standards of service. Where they split with the Government was on the question of a national rivers authority subsuming their operational and management *responsibilities*.

Nicholas Ridley: faces opposition

Under the flotation plans, up to five regulatory bodies would have some controls over privatised water authorities. The association is opposed to this "conglomerate of bodies." It wants a single body to act as regulator and does not want *that body to interfere in management* and operations.

The association's fear is that the creation of a national rivers authority would end the present system of control based on the integrated river basin, whereby *the water authorities manage all* functions from the moment water falls from the sky until it is pumped back into the sea

That has been the remit of the 10 authorities since the water reorganisation of 1974.

The association's worry about losing its operational and management functions concerns issues such as the control of transfer of water. Under the present system, the water authorities operate a grid system whereby they can move *water from one river to another* —extremely useful in times of drought, for example. If such control were lost, it might thwart the authorities' ability to move water quickly.

The 10 authorities operate extremely efficiently, the association says, and should be allowed to continue. The national rivers authority would be a quango. A national body involved in management and operations simply would not function as well.

Mr Jones said that he did not *feel that Mr Ridley's mind* "was frozen" on the question

Electricians favoured in complaint on deals

By Philip Bassett, Labour Editor

THE TUC has found in favour of the EETPU electricians union in a complaint arising from one of the union's controversial strike-free single-union agreements.

The TUC's disputes committee, which adjudicates in inter-union disputes, has found that the general print union Sogat '82 established no case against EETPU over a strike-free deal it signed with United Papermills, a paper-making company at Shotton, in north Wales.

Both Sogat and the EETPU competed in 1984 for sole recognition at the plant, with the deal eventually being awarded to the electricians.

Though it was little known outside, the EETPU deal became especially significant in the News International Wapping dispute, when the Shotton plant—manned, like Wapping, mainly by EETPU members—was a principal supply source of newsprint for the four papers produced at Wapping.

Sogat brought a complaint against the EETPU over its agreement, which, like many of the new industrial relations packages the union has been promoting in industry, featured the strike-substitute pendulum arbitration mechanism.

But finding that Sogat had established no case, the TUC disputes committee award, which has just been received by the parties involved, says that the deal was struck before the TUC changed and tightened up its procedures against single-union agreements; that the plant was a greenfield site and that the *company was not a member* of the papermakers' employers federation and therefore not party to national level recognition arrange*ments*.

The TUC has instructed the EETPU to recognise the membership of other unions *held* by some of the 320 *employees at the plant*, which the union will do. The EETPU has 177 members there, with a handful in Sogat, the AEU engineering union and the *TGWU transport* workers and some non-unionists.

Though pleased with the outcome of the inquiry, *EETPU leaders do not regard* the disputes committee's award in their favour as any grounds for dropping their opposition to what they believe is a deliberate anti-EETPU and anti-strike free bias in the committee's awards — a point vigorously denied by senior TUC leaders.

The award coincides with an announcement by the company yesterday of an expansion of its operations at the Shotton site.

The EETPU said yesterday: "We welcome the award, which clearly recognises that Sogat's claim was not justified."

The union said that the company's announcement of 100 new direct jobs, which could lead to a further 1,200 *jobs indirectly*, was "*further* evidence that the kind of agreements we make are in the best interests of our members and contribute substantially to job *security* and expansion."

Customs staff press for breakaway

BY JOHN GAPPER, LABOUR STAFF

PRESSURE IS growing among 20,000 Customs and Excise staff to break away from the two civil servants' unions involved *in the campaign of disruption* over pay and form their own staff association.

Officers dissatisfied at the handling of the campaign by the Society of Civil and Public Servants and the Civil and Public Services Association are pressing for a new group to protect their interests alone.

The split over tactics between the two unions has added to a groundswell of opinion. CPSA customs staff at southern coastal ports have not taken part in regional strike action this week, claiming it would be ineffective without SCPS support.

The move is said to be being led by SCPS customs officers at Gatwick and Manchester airports. A group of 23 officers at Gatwick resigned from the SCPS at the start of the disruption campaign in April, after the union failed to consult them on action.

The Gatwick officers have refused to take part in disruptive action, and sent out a leaflet to 3,000 officers at the start of the strike asking whether there was support for a new association for preventive and investigation staff.

Mr Nigel Buller, a CPSA assistant secretary based at Dover, said that 95 per cent of the 800 replies were in favour and there was a growing feeling among members of both unions that other officers would also like to join.

Mr Buller said: "There is a *feeling that we are in the hands* of a group of idiots on our executive who just dust us off once a year and drag us out to take part in pay campaigns before forgetting about us again."

Mr Mike King, SCPS Customs group secretary, said last night: "We do not believe that our members will be interested in *a potential organisation* whose leading lights did not take action in support of our pay campaign."

Customs officers in the preventive and investigation branches were originally alienated by a vote at the 1986 SCPS conference against a move for the union to try to negotiate a special allowance for them.

Selective strikes by Customs officers have been used as a key weapon during the *campaign of disruption*. The unions have attempted to disrupt export clearance works at ports through a series of walkouts by officers.

Public urged to oppose union reform plans

BY OUR LABOUR EDITOR

MODERATE public opinion in the UK, long opposed to trade unions, should now change sides in the light of the Government's latest proposals on trade union reform, according to a senior moderate trade union leader.

Mr John Lyons, general secretary of the Engineers' and Managers' Association, says that "the British trade union movement, taken in the round, has asked for what it has got."

Writing in the latest issue of the magazine Modern Management, Mr Lyons says the union movement "had become in the eyes of the public inflexible, dogmatic and arrogant." Its leaders some of them ridiculously extreme—were seen as being far removed from the aspirations and opinions of those they purported to represent.

Arguing that unions do have relevance for the 1980s, 1990s *and beyond, Mr Lyons says the* Government has imposed rules of conduct on them which most people think are reasonable and fair.

But he says: "In fact, in a number of respects the new rules are neither reasonable nor fair, and do not even serve the purposes that were intended, but that is not the public perception—at least, not yet.

"Whatever the weaknesses or failures of the new legislation there is no doubt that it has been both salutory and popular."

While welcoming the changes in attitude in trade unions, which he had been advocating since the birth in 1983 of the so-called "new realism" in UK unions, Mr Lyons says the main purpose of the Government's *latest proposals, which* were laid out this week in the Queen's speech in preparation for a new bill in the autumn, is to emasculate rather than *reform* the unions.

He says: "While it was the disastrous posturing of leftist trade union leaders in the late '70s an early '80s who paved the way for the popular reaction against trade unions which has been articulated by the Conservative government, that same Government, buoyed up by its successes, is now going further than it originally stated, and is consciously set on undermining independent trade unions in every way open to it."

Accordingly, he suggests it is time for moderate opinion to change sides and unite against the Government's latest proposals—he describes a central aspect of them as a "slick and cynical development, de*void of all principle*"—*to com*bat an attack on fundamental liberties.

To help this, Mr Lyons—a leading trade union member of the SDP—calls on the TUC to loosen its relationship with the Labour Party, which he

John Lyons: moderate opinion must change sides

says makes the TUC a "sitting target" for the Government's hostility.

TGWU claims success for university study scheme

BY OUR LABOUR EDITOR

LEADERS of the TGWU *trans*port workers' union yesterday proclaimed the culmination of a new development in trade union education—distance learning.

Traditionally, trade union members wishing to pursue in-depth study have had to give up their jobs, and their links with their local communities, to attend institutions such as Ruskin College in Oxford.

However, under a scheme mounted by the TGWU in its *north-western region in co*operation with Liverpool and Manchester universities, union members can undertake undergraduate-level courses without having to make such a break with their localities or in their employment.

The first 10 trade unionists yesterday completed the first stage of their distance learning project, based on an Open University style of education. Projects covered by the 10 employees included union re*sponses to unemployment, or*ganising women workers and future trade union strategy and services.

Mr Ron Todd, TGWU general secretary, said at a presentation ceremony at Manchester University's extra-mural department, that the union had identified a gap in the provision of advanced study for union members: "With the urgent and critical need of British industry to invest in training, I am delighted to record that the TGWU is putting its money where its mouth is."

Dr Alan Campbell, course director, said that it had overcome the dilemma for union members of having to give up their jobs, homes and families to study. Mr Jim Mowatt, TGWU educational officer in the region, said the course showed it was possible for education "to fit in with the employment, domestic and cultural difficulties which confront ordinary people."

Cut-price condoms launched

By Christopher Parkes, Consumer Industries Editor

CONDOMS at 10p each — less than half the price of existing brands—will be launched shortly by a new non-profit-making trust.

The contraceptives called Mates, are a central element in an anti-AIDS campaign initiated by Mr Richard Branson, *founder of the Virgin Group. He has* set up the Virgin Healthcare Foundation using £5m of his own money to protect young people from the threat of AIDS.

Mr Branson said he hoped shops, pubs, clubs, petrol stations, newsagents, and even airlines would stock Mates. Some 80m condoms would be supplied by the Ansell Corporation of the US.

All profits will go towards health education, patient care, and research. Mr Norman Fowler, former Health Secretary, had given him 100 per cent support, said Mr Branson, who plans to see ministers next week to ask for financial backing.

Ms Anita Roddick, founder of the Body Shop chain, was also supporting the initiative as a trustee of the foundation.

ECONOMIC DIARY

MONDAY: Personal income, expenditure and saving (first quarter). Industrial and commercial companies (first quarter). London sterling certificates of deposit (May) and UK banks' assets and liabilities and the money stock (May). European Commission holds summit meeting in Brussels (until June 30). British Airways annual meeting at the Royal Albert Hall. Royal United Services Institute *holds* conference, Long-term North Sea prospects in the European market-place, in Whitehall (until June 30), Blue Arrow, Dowty Group and *Lister* publish interim statements.

TUESDAY: Watt committee on energy holds conference, Energy: rational use of energy, at *Heriot* Watt University, Edinburgh.

WEDNESDAY: Advance energy statistics (May). Ferranti results. Metropolitan Police publish annual report.

THURSDAY: Financial Times holds conference, Oil and gas reappraised, at Hotel Inter-Continental. London. (until July 3). Housing starts and *completions (May)*. UK official reserves (June). Capital issues and redemptions (June). Volkswagen annual meeting. Bundesbank council meeting.

FRIDAY: Engineering indices of production (April) and sales and orders (March). Sears annual meeting.

Antiques restorers win jobs award

THREE brothers who turned a redundant Somerset brewery into *an antiques restoration* business, creating 30 jobs, have won the 1987 rural employment award, presented yesterday by the Prince of Wales.

The three, Nick, Mike and Tim Chalon, whose business at Hambridge turns out 3,000 pieces of restored funiture a year,won the award for the best business enterprise, including conversion of redundant rural buildings, to generate non-agricultural jobs.

Company Notice

LAND SECURITIES PLC

Notice of Meeting of Holders of £200,000,000 10 per cent. First Mortgage Debenture Stock 2025

NOTICE IS HEREBY GIVEN that a MEETING of the holders of the £200,000,000 10 per cent. First Mortgage Debenture Stock 2025 of the Company constituted and secured by a Trust Deed dated 8th November, 1985, a Supplemental Trust Deed dated 2nd May, 1986 and a Second Supplemental Trust Deed dated 29th August, 1986 ("the Stock"), convened for 26th June, 1987, has been adjourned for lack of quorum and will be held at Landsec House, 21 New Fetter Lane, London EC4P 4PY on Wednesday, 8th July, 1987 at 10.30 a.m. for the purpose of considering and, if thought fit, passing the following Resolution which will be proposed as an *Extraordinary Resolution*:–

THAT:–

(i) the Trust Deeds dated 8th November, 1985, 2nd May, 1986 and 29th August, 1986 together constituting and securing £200,000,000 10 per cent. First Mortgage Debenture Stock 2025 of the Company ("the Stock") be amended so that the right of holders of such of the Stock which is held at the date of passing of this Resolution and which may from time to time thereafter be held in registered form to exchange such Stock for Stock held in bearer form, be and it is hereby terminated; and

(ii) for such purpose the Trustees for the holders of the Stock are hereby authorised and directed to enter into a Fourth Supplemental Trust Deed, in the form of the draft Deed produced to the Meeting and for the purposes of identification initialled by the Chairman thereof with such amendment thereto (if any) as the Company and the Trustees may approve and to take such other steps and to execute such further instruments as they may consider necessary or expedient to carry such amendment into effect.

Dated 27th June, 1987

By Order of the Board
L.A. Jones
Secretary

Registered Office:
Landsec House,
21, New Fetter Lane,
London EC4P 4PY

Bearer Bonds in respect of the Stock may be deposited with or to the order of any of the Paying Agents below for the purpose of obtaining voting certificates or appointing proxies at any time up to 10.30 a.m. on Monday 6th July, 1987 but not thereafter.

The Extraordinary Resolution, if duly passed, will be binding on all the Stockholders whether or not they were present or represented at the Meeting and whether or not they voted in favour.

In order for the Extraordinary Resolution to be passed at the Meeting, a quorum must be present and a majority is required in favour consisting of at least 75 per cent. of the votes cast at the Meeting in respect of the Extraordinary Resolution.

Any Stockholder or Stockholders present in person or by proxy at this adjourned Meeting, whatever the nominal amount of the Stock held by them, will form a quorum.

At this adjourned Meeting, unless new voting certificates or forms of proxy are received by the Company's Registrars, the voting certificates or forms of proxy received for the earlier meeting will remain valid.

Copies of the Circular sent to Registered Stockholders may be obtained during normal business hours on any weekday (excluding Saturdays) up to and including 8th July, 1987 from the Paying Agents, viz:–

Morgan Guaranty Trust Company of New York, Avenue des Arts 35, B-1040 Brussels, Belgium.

Lloyds Bank Plc, Registrar's Dept., Issue Section, P.O. Box 1000, 11, Bishopsgate, London EC2N 3LB.

Kredietbank S.A. Luxembourgeoise, 43 Boulevard Royal, P.O. Box 1108, Luxembourg.

FT-ACTUARIES INDICES

These Indices are the joint compilation of the Financial Times, The Institute of Actuaries and the Faculty of Actuaries

	EQUITY GROUPS & SUB-SECTIONS (Figures in parentheses show number of stocks per section)	Fri June 26 1987 Index No.	Day's Change %	Est. Earnings Yield% (Max.)	Gross Div. Yield% (ACT at 27%)	Est. P/E Ratio (Net)	xd adj. 1987 to date	Thurs June 25 Index No.	Wed June 24 Index No.	Tues June 23 Index No.	Year ago (approx.) Index No.	1987 High		1987 Low		Since Compilation High		Since Compilation Low	
1	CAPITAL GOODS (213)	955.31	+0.3	7.18	2.82	17.52	9.84	952.34	948.03	939.35	739.87	963.76	17/6	696.73	2/1	963.76	17/6/87	50.71	13/12/74
2	Building Materials (29)	1241.68	+0.5	6.86	2.76	18.22	12.92	1235.88	1236.88	1214.33	882.24	1274.76	15/6	860.39	5/1	1274.76	15/6/87	44.27	11/12/74
3	Contracting, Construction (30)	1718.29	+0.4	7.00	2.79	19.18	19.05	1711.82	1708.31	1688.65	1226.78	1728.44	18/6	1185.88	2/1	1728.44	18/6/87	71.48	2/12/74
4	Electricals (13)	2396.72	+0.1	5.56	3.31	24.14	31.62	2395.17	2388.24	2367.39	1897.42	2434.25	17/6	1772.22	2/1	2434.23	17/6/87	84.71	25/6/62
5	Electronics (35)	2126.52	-0.2	7.24	2.11	17.97	12.62	2131.47	2111.55	2100.73	1725.58	2141.23	18/6	1543.77	2/1	2141.23	18/6/87	1229.81	8/10/85
6	Mechanical Engineering (60)	585.35	+0.6	8.24	3.37	15.21	7.31	582.12	583.12	499.27	415.30	518.74	19/5	393.85	2/1	510.74	19/5/87	45.43	5/1/75
8	Metals and Metal Forming (7)	531.28	+0.7	6.99	3.00	17.23	5.48	527.50	522.99	520.78	378.52	532.60	18/6	355.97	2/1	532.60	18/6/87	49.65	6/1/75
9	Motors (15)	371.56	+1.7	8.07	2.90	14.43	3.42	365.21	359.61	354.44	315.97	371.56	26/6	272.65	2/1	371.56	26/6/87	19.91	6/1/75
10	Other Industrial Materials (21)	1553.93	-0.2	6.39	3.19	18.85	18.77	1556.59	1544.17	1538.40	1316.88	1600.41	17/6	1179.19	2/1	1600.41	17/6/87	277.55	15/1/81
21	CONSUMER GROUP (185)	1320.95	+0.4	6.02	2.53	21.31	13.05	1316.25	1325.09	1308.41	933.25	1353.49	17/6	950.87	2/1	1353.49	17/6/87	61.41	13/12/74
22	Brewers and Distillers (22)	1198.66	+0.9	7.83	2.95	16.07	11.65	1188.13	1194.26	1172.67	985.53	1248.56	16/6	938.84	2/1	1248.56	16/6/87	69.47	13/12/74
25	Food Manufacturing (25)	1034.84	+0.8	6.77	2.94	19.28	12.74	1026.73	1032.75	1022.45	698.33	1044.57	17/6	738.32	2/1	1044.57	17/6/87	59.67	11/12/74
26	Food Retailing (15)	2489.73	+0.4	5.22	2.31	26.17	21.12	2479.94	2552.51	2513.56	1808.55	2608.57	17/6	1821.88	2/1	2608.57	17/6/87	54.25	11/12/74
27	Health and Household Goods (10)	2527.87	-0.6	4.00	1.58	29.30	14.62	2543.84	2499.70	2456.86	1584.42	2592.70	17/6	1645.70	2/1	2592.70	17/6/87	175.38	28/5/80
29	Leisure (31)	1374.81	+0.5	5.79	3.11	22.70	16.11	1367.83	1369.18	1362.76	900.27	1390.31	18/6	986.35	2/1	1390.31	18/6/87	54.83	9/1/75
31	Packaging & Paper (15)	703.85	+0.6	5.93	2.45	21.27	7.40	699.92	697.69	687.98	491.69	703.85	26/6	491.58	2/1	703.85	26/6/87	43.46	6/1/75
32	Publishing & Printing (15)	4362.69	+0.5	5.18	2.80	24.83	54.63	4339.60	4349.81	4377.47	2563.74	4377.47	23/6	2713.49	2/1	4377.47	23/6/87	55.08	6/1/75
34	Stores (36)	1080.16	+0.5	6.67	2.65	20.25	11.73	1074.27	1101.32	1084.81	878.59	1152.84	15/6	836.17	2/1	1152.84	15/6/87	52.63	6/1/75
35	Textiles (16)	798.89	+0.1	7.69	2.81	15.86	18.56	798.09	800.46	796.89	561.33	818.58	18/6	541.39	2/1	818.58	18/6/87	62.66	11/12/74
40	OTHER GROUPS (85)	1117.22	+0.4	7.66	3.12	16.25	9.74	1112.60	1113.94	1103.93	795.12	1125.41	15/6	815.09	5/1	1125.41	15/6/87	58.63	6/1/75
41	Agencies (16)	1650.27	+1.8	4.15	1.46	31.75	9.50	1621.17	1632.25	1599.69	0.0	1650.27	26/6	1111.16	2/1	1650.27	26/6/87	1111.16	2/1/87
42	Chemicals (21)	1407.17	+0.6	6.96	3.13	17.61	19.32	1398.57	1410.00	1392.46	916.09	1410.00	24/6	1002.01	2/1	1410.00	24/6/87	71.20	1/12/74
43	Conglomerates (11)	1429.25	+0.5	7.34	3.20	15.58	13.75	1422.35	1400.94	1359.45	0.0	1429.25	26/6	1112.14	2/1	1429.25	26/6/87	1112.14	2/1/87
45	Shipping and Transport (11)	2268.49	+0.1	6.87	3.54	18.38	37.76	2265.39	2266.53	2228.78	1483.82	2277.40	15/6	1567.77	2/1	2277.40	15/6/87	90.80	29/6/62
47	Telephone Networks (2)	1134.62	-1.0	8.86	3.56	15.05	1.09	1145.62	1153.96	1154.70	882.60	1274.14	9/6	897.15	5/1	1274.14	9/6/87	517.92	30/11/84
48	Miscellaneous (24)	1521.36	+1.7	8.66	2.91	13.82	18.08	1495.51	1496.64	1495.54	1055.58	1521.36	26/6	1161.37	5/1	1521.36	26/6/87	60.39	6/7/75
49	INDUSTRIAL GROUP (483)	1184.81	+0.4	6.75	2.76	18.71	11.44	1180.56	1183.35	1170.63	858.55	1203.21	17/6	860.46	2/1	1203.21	17/6/87	59.01	13/12/74
51	Oil & Gas (17)	2274.07	+2.1	4.81	4.86	26.91	37.29	2227.92	2243.48	2252.71	1223.07	2274.07	26/6	1505.69	5/1	2274.07	26/6/87	87.23	29/5/62
59	500 SHARE INDEX (500)	1277.27	+0.6	6.46	2.96	19.62	13.70	1269.43	1273.31	1262.48	891.07	1289.11	17/6	915.61	2/1	1289.11	17/6/87	63.49	13/12/74
61	FINANCIAL GROUP (118)	817.07	+1.1	—	3.59	—	12.57	808.47	802.66	797.33	618.71	817.07	26/6	615.75	2/1	817.07	26/6/87	55.88	13/12/74
62	Banks (8)	837.04	+0.2	16.54	4.48	7.99	15.49	834.96	826.06	829.48	652.98	856.67	16/6	685.07	14/4	856.67	16/6/87	62.44	12/12/74
65	Insurance (Life) (9)	1147.91	+0.5	—	3.67	—	20.71	1142.13	1131.91	1118.96	868.30	1166.07	16/6	869.23	2/1	1166.07	16/6/87	44.88	2/1/75
66	Insurance (Composite) (7)	612.51	+1.6	—	4.60	—	11.76	602.84	601.72	596.63	482.21	612.51	26/6	456.52	2/1	612.51	26/6/87	43.96	13/12/74
67	Insurance (Brokers) (9)	1278.48	+2.2	8.42	4.23	15.31	26.32	1251.43	1252.01	1244.28	1169.14	1278.48	26/6	1009.71	14/4	1315.27	12/2/86	65.86	16/12/74
68	Merchant Banks (11)	401.37	+0.5	—	3.24	—	4.41	399.38	401.02	401.51	378.33	403.81	17/6	345.85	2/1	403.81	17/6/87	31.21	7/1/75
69	Property (46)	1288.23	+2.3	3.60	2.28	36.87	10.92	1259.14	1245.21	1223.13	791.46	1288.23	26/6	805.82	5/1	1288.23	26/6/87	56.01	20/4/65
70	Other Financial (28)	525.72	+0.6	6.33	3.02	19.89	5.42	522.76	521.01	520.81	347.37	525.72	26/6	366.01	2/1	525.72	26/6/87	33.29	17/12/74
71	Investment Trusts (93)	1087.67	+0.7	—	2.21	—	10.58	1080.36	1079.57	1077.46	757.07	1087.67	26/6	867.57	2/1	1087.67	26/6/87	71.12	13/12/74
81	Mining Finance (2)	503.41	+0.6	6.73	3.30	17.88	6.79	500.31	510.87	497.16	265.29	558.62	20/5	341.86	2/1	558.62	20/5/87	66.31	30/9/74
91	Overseas Traders (11)	1071.54	+1.2	8.48	4.33	13.99	22.64	1058.67	1055.51	1046.80	690.39	1079.88	2/6	778.26	2/1	1079.88	2/6/87	97.37	6/1/75
99	ALL-SHARE INDEX (724)	1151.76	+0.7	—	3.04	—	13.26	1143.83	1145.57	1136.17	808.78	1158.35	17/6	835.48	2/1	1158.35	17/6/87	61.92	13/12/74

		Index No.	Day's Change	Day's High	Day's Low	June 25	June 24	June 23	June 22	June 19	Year ago	1987 High		1987 Low		Since Compilation High		Since Compilation Low	
	FT-SE 100 SHARE INDEX ♦	2291.3	+14.1	2295.9	2278.8	2277.2	2284.9	2265.5	2244.6	2266.1	1639.1	2320.4	17/6	1674.5	2/1	2320.4	17/6/87	986.9	23/7/84

FIXED INTEREST

	PRICE INDICES	Fri June 26	Day's change %	Thurs June 25	xd adj. today	xd adj. 1987 to date
	British Government					
1	5 years	123.23	-0.14	123.41	—	5.94
2	5-15 years	142.29	-0.24	142.63	—	7.22
3	Over 15 years	152.18	-0.54	153.02	—	6.85
4	Irredeemables	166.00	-0.50	166.84	—	7.27
5	All stocks	138.72	-0.27	139.09	—	6.78
	Index-Linked					
6	5 years	122.69	+0.15	122.46	—	1.57
7	Over 5 years	115.52	+0.36	115.11	—	1.71
8	All stocks	115.85	+0.34	115.46	—	1.69
9	Debentures & Loans	123.32	—	123.32	—	5.66
10	Preference	89.48	+0.13	89.36	—	3.01

	AVERAGE GROSS REDEMPTION YIELDS		Fri June 26	Thurs June 25	Year ago (approx.)	1987 Highs		1987 Lows	
	British Government								
1	Low	5 years	8.08	8.02	7.73	9.78	2/1	7.52	11/5
2	Coupons	15 years	8.99	8.93	9.00	10.08	2/1	8.53	8/5
3		25 years	9.01	8.95	9.06	10.08	2/1	8.55	8/5
4	Medium	5 years	9.13	9.05	9.16	10.80	2/1	8.39	8/5
5	Coupons	15 years	9.22	9.16	9.31	10.39	2/1	8.74	8/5
6		25 years	9.22	9.16	9.31	10.18	2/1	8.75	8/5
7	High	5 years	9.28	9.22	9.31	10.84	2/1	8.58	8/5
8	Coupons	15 years	9.35	9.30	9.46	10.57	2/1	8.66	8/5
9		25 years	9.15	9.09	9.24	10.24	2/1	8.72	8/5
10	Irredeemables		8.99	8.94	9.06	10.06	2/1	8.67	8/5
	Index-Linked								
11	Inflat'n rate 5%	5 yrs	2.58	2.61	4.89	3.95	2/1	2.83	20/5
12	Inflat'n rate 5%	Over 5 yrs	3.79	3.81	3.46	3.87	2/1	3.30	6/4
13	Inflat'n rate 10%	5 yrs	2.24	2.26	2.87	2.57	16/4	0.85	24/3
14	Inflat'n rate 10%	Over 5 yrs	3.72	3.74	3.30	3.74	25/6	3.17	27/3
15	Debs &	5 years	9.79	9.86	9.93	11.46	2/1	9.46	12/6
16	Loans	15 years	10.89	10.97	10.22	11.30	2/1	9.79	23/3
17		25 years	10.28	10.29	10.30	11.30	2/1	9.84	23/3
18	Preference		10.15	10.16	10.40	11.23	2/1	10.05	22/6

♦ Opening index 2286.1; 10 am 2281.2; 11 am 2282.4; Noon 2292.2; 1 pm 2295.7; 2 pm 2294.5; 3 pm 2286.6; 3.30 pm 2289.4; 4 pm 2294.0.

Equity section or group	Base date	Base value	Equity section or group	Base date	Base value	Equity section or group	Base date	Base value
Agencies	31/12/86	1114.07	Overseas Traders	31/12/74	100.00	Mining Finance	29/12/67	100.00
Conglomerates	31/12/86	1114.07	Mechanical Engineering	31/12/71	153.84	All Other	10/04/62	100.00
Telephone Networks	30/11/84	517.92	Industrial Group	31/12/70	128.20	British Government	31/12/75	100.00
Electronics	30/12/83	1646.65	Other Financial	31/12/70	128.06	Do. Index-linked	30/04/82	100.00
Other Industrial Materials	31/12/80	287.41	Food Manufacturing	29/12/67	114.13	Debs. & Loans	31/12/77	100.00
Health/Household Products	30/12/77	261.77	Food Retailing	29/12/67	114.13	Preference	31/12/77	76.72
Other Groups	31/12/74	63.75	Insurance Brokers	29/12/67	96.67	FT-SE 100 Index	30/12/83	1000.00

† Flat yield. A list of constituents is available from the Publishers, the Financial Times, Bracken House, Cannon Street, London, EC4, price 15p, by post 32p.

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Saturday June 27 1987

Straining the system

THE BRITISH Government's legislative programme for the new parliamentary session, outlined in the Queen's Speech this week, was officially described as "one of the heaviest and most substantial in recent years."

No one will dispute the word heavy and some of it is certainly substantial. The questions are whether it is too much for one session and whether the Government has the priorities right.

There is a general political rule that any government should introduce its most radical measures early on. If it does, it has time to recover from any unpopularity before the next *general election. If it* does not, it becomes too late to introduce them at all.

Mrs Thatcher was not quite sure of that lesson in 1979 when she was not radical enough early enough. In 1983 it went by the board. A premature election led to the Government being bogged down by legislation that either should have been dealt with before or did not warrant the time that had to be spent on it. This year was meant to be different: radicalism in one fell swoop, or rather in 17 bills that need to be enacted between now and the autumn of 1988.

Four of them are left over from the last session: the remaining stages of the Finance Bill, the Criminal Justice Bill and the two bills on the Channel Tunnel and the Dartford-Thurrock crossing. They should present no great problems, though they do serve as a reminder that any government *that goes to the country before* it really has to is unlikely to be able to get off to a truly fresh start. The case for fixed term parliaments, which would stop all the speculation about election dates, is becoming stronger.

Formidable task

The rest of the programme will, *in effect, have to be dealt* with between late October and the end of July. That is a formidable task and will place a heavy strain on parliamentary time and tempers. The Government may say that it faces very little opposition in the House of Commons. Numerically that is correct, but it overlooks the fact that it is precisely when a government has a large majority that its own supporters can become restless. Witness the way the Government was obliged to drop the Sunday Trading Bill in the last session and has not dared to bring it back, or the way it retreated when Tory MPs opposed the sale of parts of BL to foreign companies.

If, for any reason, the *Government finds that its for*tunes are low during the new parliament, it should not be surprised to find the restlessness spreading among its own backbenchers.

There is also the House of Lords. The upper chamber has become increasingly difficult to control as the number of life peers has grown and some Tory members show their independence. Moreover, many of the measures listed in the Queen's Speech are exactly of the kind to stir the peers into opposition. Their Lordships did not much like the Scottish Rating Bill in the last session and forced a number of concessions from the Government. They are unlikely to take any more kindly to the proposed community charge for England and Wales. And although the upper house is not itself elected, it would not be out of character for some of its members to *come vigorously to the defence* of the local authorities, against which so much of the Queen's Speech seemed to be aimed.

Creeping centralisation

The attack on the local authorities indeed is almost a keynote of the legislative programme. They are to be deprived of the power to do this, that and the other, largely it seems because of the shortcomings of a few and of the inadequacies of the entire system. The Government says *that its programme* is all of a piece: the measures on housing, education, the rating system, law and order go together to help the inner cities. Yet it looks more like creeping centralisation, and centralisation *that gives little thought to the* consequences for those who are left outside: the children in the schools, for example, which do not opt out from the Inner London Education Authority.

There remains much that is good. The proposals for a national core curriculum in the schools would have been welcome years ago. The attempt to loosen up the housing market, create more rented property and encourage labour mobility should be of economic as well as social benefit. No less welcome are the proposals to give more rights to trade union members rather than their union bosses.

Concentration on a few bold measures like these, however, might have been wiser. The fact that some of the 17 bills deal with micro matters does not mean that they will be micro bills. It is often the minor details that create the most difficulties. And judging from the reaction to Mrs Thatcher's speech on Thursday this looks like being a bad-tempered parliament. The Government is in some danger *of straining the system.*

Christian Tyler reports from Vienna on UN efforts to curb the drug menace

New ways to bust a deadly business

A KITCHEN SINK, a simple distilling vessel, a few bottles of chemical and a *black loose*-leaf binder containing pencilled notes in an uneducated hand: this is a laboratory for the production of highly addictive amphetamine powder.

Laboratories like this one, discovered recently by the British police, are as much a part of the worldwide drugs problem as the poppy fields of Burma or the coca bush plantations of the Andean highlands.

The international trade in illicit drugs is worth an estimated \$300bn a year (£186bn) —more than the external debt of the US or the combined debt of Brazil, Argentina and Mexico.

It *is* driven by a demand whose explosive growth since the 1960s is little understood by the social scientists, but found at all levels of society. It ranges from routine cannabis smokers—of whom there are an estimated 5m in the US alone—to the smart cocaine addicts in the dealing rooms of Wall Street and the City of London, and to the desperate poor of the slums who will take any drug available.

Lurid descriptions come easy. Much harder to define is a credible solution.

For many years, governments, especially in the developing world, have felt paralysed by the sheer size of the task. They *see that controlling drugs* is a moral imperative, but moral outrage is not enough. Finding the right line of attack requires a dispassionate, quasi-economic, analysis of what motivates *growers, processors, deal*ers, couriers and drug users.

The drugs trade resembles other industries in that it obeys market forces and operates on the profit motive. But in this case competition is tightly controlled by monopolistic crime syndicates and demand, once created, is captive.

To control or defy market forces is notoriously difficult. It is just as hard to find an administrative answer to the illicit drugs traffic. Successful interruption at one point creates an outbreak somewhere else. If crop-based drugs are eradicated, the producers go to the laboratory. If one trade route is cut, another is opened. And all the time the drug gangs are trying to widen their *markets* and seduce more consumers.

In the long run, the answer may be education, but countries cannot afford to wait. Drug addiction not only destroys individuals but breaks up families, bringing violence and other crime in its wake. The profits have become so big that national administrations are being infected and undermined by corruption and whole economies have become dependent on illicit exports. Some South American countries rely on cocaine sales for a large part, *even a majority*, of their foreign exchange requirements.

Furthermore, drugs have become an alternative currency in the financing of terrorism and the illegal arms trade. The volume of *funds generated is* said to be big enough to distort financial markets.

To highlight the scale of problem and to refine methods of dealing with it, Mr Javier Perez de Cuellar, the UN Secretary-General, convened a ministerial conference in Vienna, which ended yesterday. Although international co-operation *on the drugs trade* is both necessary and achievable, bureaucracies move slowly, while drug manufacturers and drug-runners adapt quickly to exploit loop holes in the law or weaknesses in the detection system.

The *formal* outcome of the UN conference comprising representatives of 138 governments, was a compendium of voluntary measures, listed under 35 "targets" and covering four main subjects: prevention and reduction of drug demand; control of supply; suppression of trafficking; treatment and rehabilitation of addicts.

They also subscribed to a political declaration, including commitments to improve the

The authorities have to attack every link in the drugs chain

quality of research, strengthen law enforcement and promote more responsible media coverage of drug abuse.

A better test of the UN's effectiveness will come when countries are asked to ratify a new convention on trafficking. But as with agreements on monitoring the legal trade in narcotic substances, such as for medical purposes, ratification may be slow in coming, and some of the less developed countries will be unwilling to sign at all.

It *is not obvious what a con*ference, however high-powered, can achieve. Mr Guiseppe di Gennaro, head of a UN drug agency, made his qualms known to the secretary-general. He said this week: "I was worried because I thought a conference would divert attention from operations to words. It could have been a pretext for countries to give themselves the feeling they were doing something."

In the event, he says, the conference turned out to be a vindication of his agency's work.

Mr di Gennaro is a voluble and energetic Neapolitan, a professor of criminology who became a judge and head of the *Italian prosecution service* at the height of the terrorist wave. He is executive director of a body called the UN fund *for* drug abuse control, the nearest thing the UN has to a taskforce in the field.

With a budget that has risen to \$32m this year, the agency solicits funds from donors to help governments establish programmes for crop substitution, law enforcement and treatment of addicts. In Pakistan, for example, the fund mounted a project for the Buner region, where a third of the country's *opium poppy* was *produced.* Over 10 years, it succeeded in replacing opium cultivation with maize, wheat and sugar cane.

The fund has also been at work in the Las Yungas region of La Paz province in Bolivia, the traditional heart of coca leaf cultivation. It claims to have met with unexpected success in persuading peasant farmers to switch into coffee-growing.

Another test of the fund's effectiveness is the amount of support it can mobilise among donor countries, because those who put up the money like to set the terms on which it is spent. The UN fund has its own methods, which Mr di Gennaro believes are often better.

Bolivia is a case in point. Its Government has been on a worldwide fund-raising quest for a three-year programme to wean the economy from its drug dependence. The US, chief market for cocaine, is offering a reported \$120m, but on terms so unappealing to the Bolivians that negotiations have been long and arduous.

The Americans like quick results. Last year they lent Bolivia 170 soldiers for Operation Blastfurnace, a series of dramatic helicopter raids that sent the traffickers running for cover, but looked to many ordinary Bolivians like an abuse of their sovereignty. Now the US is demanding changes in Bolivian law and so rapid an eradication of the coca crop that Bolivia's Foreign Minister this week claimed it would lead to guerrilla warfare. The question is: would a programme funded by donor countries but managed by the UN be more likely to succeed in the long run?

Mr di Gennaro *says* he is convinced that the multilateral approach is the right answer. "Why do you think I came here? We create commitment, it is a chain reaction. We create a psychological feeling in countries who see others coming *for* help *and* don't *want* the finger pointed at them for holding back."

The fund in negotiating with countries that until recently would have resisted any UN involvement in their affairs. China has asked for help in dealing with the re-emergence of a drug problem in the southern province of Yunnan—a consequence of operations mounted against the lawless heroin producing area known as the Golden Triangle in north-eastern Burma. The Soviet Union, which claims to have its *relatively minor drug* problem under firm control, has offered technical help and equipment.

This week's conference in Vienna may have helped in other ways. The programme tries to strike a balance between action against suppliers and measures to curb demand. UN officials say this has taken the heat out of the dispute between north and south as to which is most to blame for the drugs epidemic. Governments in the north have tended to stress the need for action against illicit cultivation to cut the supply. Those in the south have replied that the supply only follows the north's failure to address the explosion of drug abuse.

Events have helped dilute the force of both arguments. The spread of synthetic drugs, made in illicit laboratories in the US and western Europe, has added a new and worrying dimension to the supply side. At the same time governments in Asia, Africa and Latin America are facing an alarming increase in the demand for hard drugs among their populations. In Pakistan, for example, where opium has been grown since the last century, there was no heroin addiction until about seven years ago. Today there could be as many as 500,000 addicts, according to official estimates.

The drugs trade has become so diverse and so *widespread* that the question of where to focus resources has become redundant. The authorities have no choice but to attack every link in the chain simultaneously.

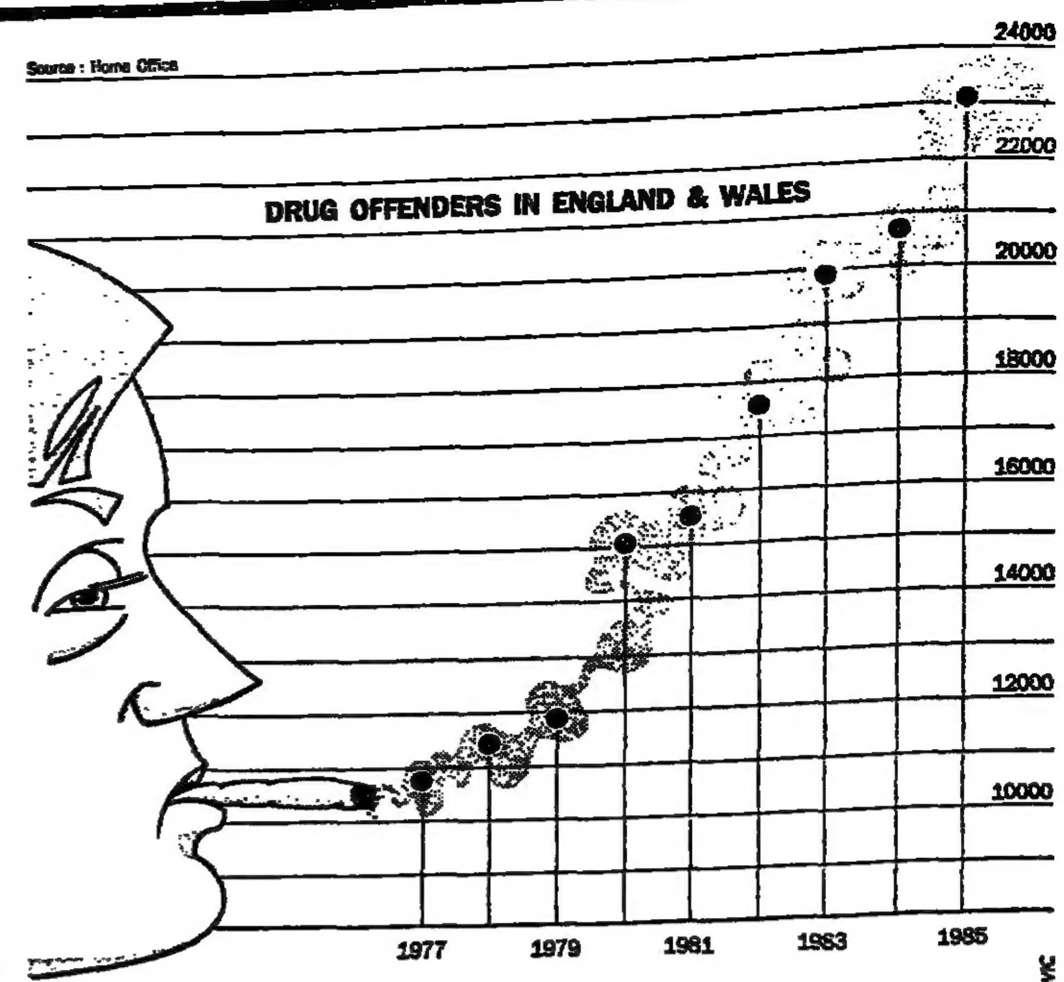
One area in which international co-operation could be made more effective is in the detection, prosecution and punishment of the dealers—from the drug barons of the organised crime syndicates to the couriers and their various "*minders*" and "meeters."

But detection is not enough. The UN is trying to promote much greater co-ordination between countries over prosecution and punishment, both in the guidelines agreed this week and in the convention on trafficking now being prepared.

The first step is to spread the technique of "controlled delivery," allowing the police *to follow contraband drugs to* their destination before stepping in to make arrests. The next is to encourage extradition treaties and mutual legal services, so that prosecutions do not fail for lack of evidence or problems of jurisdiction.

Even conviction will be an insufficient deterrent if penalties vary. An offence punishable by death in Malaysia or China may be worth only a short jail sentence in Latin America.

Some countries — including Britain and the US — have already taken the *step of seiz*ing the assets of drug dealers. This is difficult legal territory, involving some fundamental issues of property rights and banking secrecy. But UN officials say that forfeiture is one of the best deterrents available to the international community since it goes to the heart of the drug dealer's motivation — huge financial gain.



WORLDWIDE DRUG HAULS : 1987, 1st Quarter

Source: Interpol

	Quantity kg	Seizures	Traffickers involved
OPIUM	117.5	11	19
MORPHINE	146.9	5	9
HEROIN	516.3	324	686
COCAINE	398.6	170	299
CANNABIS	24154.4	441	821

Man in the News

Peter Palumbo

Moments of sublimity for a modernist in the City

By Paul Cheeseright, Property Correspondent

MR PETER PALUMBO did not bother to go to the City of London planning committee meeting this week. Theer was nothing he could have heard about his Mansion House property scheme that he has not heard many times before.

As it turned out, the meeting probably cost him a couple of mililon pounds. It will take that to appeal against the committee's decision rejecting his scheme and to argue his case at a public inquiry.

Mr Palumbo proposes to replace eight listed Victorian buildings with a design by James Stirling, generally recognised as one of the great contemporary architects. If the *projected site was not opposite* Mansion House, if it was not so close to the Bank of England, and if it did not overlook the Royal Exchange, then probably there would not be a problem.

I the heart of the City of London, any change to the status quo is at best a sensitive issue and at worst a cause for vilifying anyone with the temerity to suggest it. Mr Palumbo has been suggesting for 29 years.

He recognises the problem. Those against it, he explains "want to preserve the past because the present has been abysmally mediocre. But the present can be as good as the past. There is no reason why we shouldn't have sublime buildings." And, for him, the Stirling building is just that.

Seventeen members of the City planning committee disagreed, enough to ensure that his idea is likely to remain a proposal into a 30th year. "I'm heartened that National *Westminster* took 25 years to build the NatWest tower," says Mr Palumbo. It also took Hammerson 20 years to bring the Brent Cross shopping centre to fruition. So he is not alone in his troubles.

He is caught in the middle of an argument between development and conservation. The present Government's policy is to develop unless there are compelling reasons against it. But this is not a policy which works in the heart of the City and the decision in the Palumbo case, after the 1984 public enquiry for a different design, left the question open.

Mr Patrick Jenkin, then Environment Secretary, accepted that the eight listed buildings might be pulled down *if a suitable* replacement could be found. That took Mr Palumbo half way, because it established that the Victorian buildings on the site were not to be preserved at all costs.

The City's planning committee found the aesthetics of the Stirling design less pleasing than those of the existing Victorian buildings and threw it out. The full City Corporation *may not ratify this* — but if it does, there will be a public enquiry before Mr Nicholas Ridley, the Environment Secretary, makes the final decision.

Whether Mr Ridley's *aesthetic sense is any* more profound than that of the 17 on the committee is a moot point. He is in an impossible position, unable to please everybody. And this is the uncomfortable *question raised by Mr* Palumbo: how is the planning system to settle on what is a "sublime" building and what is not.

Palumbo's answer is that "the system needs radically overhauling"—not in order to create a free-for-all, but to produce simple guidelines for developers.

Mr Palumbo is a private patron. His office displays his passion as an art collector. He has no shareholders to worry about. He runs the family company, Rugarth Investment Trust, and from the safe position of owning £250m of City property, can afford to plug on with his scheme.

At first sight it is not apparent why he is so persistent. It *would be easy for him* to sit back, collect his rents and occasionally take his ageing Alsatian out for a walk. He could also polish the silver spoon put in his mouth nearly 52 years ago, *reminisce about* Eton, Oxford, his time spent working at Cluttons estate agents, at Hambros and for the family business, which he joined in 1958.

His own reasoning is vague. He quotes Mies van der Rohe, the architect whose design he favoured before the planners *ruled it out:* "I don't want to be interesting. I want to be good. As a property developer that's what I want too. I'd like to make a satisfying contribution—I would like to be able to commission a great building."

This is consistent with his concern about "quality." A concern, incidentally, which is not confined to the modern. "*My track record in conserva*tion terms is reasonably good," he claims, citing his restoration of St Stephen's Church, Walbrook, just over the road from his Mansion House scheme, and *his role as chairman of the* appeal for restoring Painshill Park in Surrey.

But there is another reason. Circumstances have carried Palumbo away. He started buying pieces of the now contentious site in 1958. "Then it was purely an investment. But slowly the concept of development began to emerge and it just escalated. It could have been in Moorgate or Timbuktu, but it happened to be opposite Mansion House. That is where my business roots are. I was caught up in it." Now he waits "I could not predict the outcome of the public enquiry." But he has some cards: English Heritage, which controls the listed buildings, has tacitly accepted that seven of them can go: *and the chief witness for* the City will be the planning officer who recommended Palumbo's scheme to the planning committee this week and who must now change into an *antagonist. Meanwhile Palumbo* can carry on collecting objects d'art.

In the post-revolutionary climate

Raymond Snoddy on troubles at the new titles

TODAY, the newspaper that was intended to revolutionise Fleet Street and did, albeit in unexpected ways, was yesterday changing hands for the second time since its launch in March 1986.

Mr Roland "Tiny" Rowland, chief executive of Lonrho who saved the paper from collapse almost exactly a year ago by injecting more than £20m, has tired of the accumulating losses and is passing to Mr Robert Maxwell the costly privilege of keeping Today afloat.

The colour tabloid which achieved so much more before its launch than after—the threat of low-cost competition helped Fleet Street proprietors to tackle the historic problems of overmanning—will lose about £30m in the year to September.

Overall more than £60m has been invested in this "low-cost newspaper" to achieve, after Herculean efforts, a circulation of 330,000—although the trend has been steadily, if modestly, upwards for the past five months.

Today provides the most dramatic example of the difficulties new titles are facing despite all the wonders of new technology with journalists entering their copy direct to computer driven typesetters.

In the week that Today's tomorrow was being reshaped, another newcomer, the News on Sunday, was in receivership. The future of the left-of-centre newspaper, first published two months ago, rested almost entirely on Mr Owen Oyston, a Lancashire businessman who made £30m from a chain of estate agencies in north-west England. Robert Maxwell's London Daily News, meanwhile, is losing millions of pounds a year and has made no discernible impact on the sales of its rival, the London Evening Standard.

If all the profits of the four new national titles launched in the past 18 months, plus the London Daily News, were added together there would be just about enough to buy the proprietors a lunch. The bill would have to be paid by Mr David Sullivan, publisher of girlie magazines, who has redefined the term "down market" with his new national paper, Sunday Sport. Of the other new titles, only The Independent looks to be within sight of breaking even.

The heart of the problem facing all the titles is that although technology and working practices have been transformed and entry costs to the market dramatically lowered, the market place remains stubbornly the same.

The latest figures from the Joint Industry Committee for National Readership Surveys released this week show that the total readership of national dailies actually declined by 1 per cent in the period October 1986-March 1987 compared with the previous year. For national Sundays the decline was even steeper at 3.3 per cent.

The newcomers are having to fight for their share of a market that is at best static. For all these difficulties, Today's founder, Mr Eddie Shah, believes there will be a second wave of national titles taking cheap production methods for granted and concentrating on new market niches.

	Initial target circulation	Circulation
Today	1,000,000	330,000
Independent	375,000	320,000
News on Sunday	800,000	200,000
Sunday Sport	—	487,000
London Daily News	500,000	220,000

Source: Publishers' and FT estimates

Until that wave appears the action is at the top and bottom of the market. The Independent is doing well on exclusives about the activities of MI5 and Sunday Sport is prospering with exclusive pictures of the lady with the 84-inch bust.

This week Mr Andreas Whittam Smith, editor and founder of The Independent told his staff after a board meeting that he had never felt so confident about the future of the paper. Circulation was running at around 320,000, compared with the official October 1986-March 1987 figure of 288,660 and the paper was on target for break-even next spring.

There is an increasing belief that the paper will not need to return to its backers for more money. All the £18m equity and loan finance has been drawn but the paper still has its £3m overdraft. Losses have been cut to £200,000 a month and display and classified advertising is now said to be above budget.

The paper's maximum cash requirement is now forecast to be £3.488m by April 1988, when interest payments on the £9m loan stock begin to be paid.

Like The Independent, Sunday Sport has identified a market niche, even if it is somewhere below that occupied by the News of the World.

The launch costs of Sunday Sport were £150,000, less than The Independent loses in a month now. The paper was designed by Mr Michael Gabbert, a former deputy editor of the News of the World in an office above his garage and taken from concept to launch in 10 weeks. It is produced by just 10 journalists.

The launch costs were so low because Sunday Sport never had a chance to use its £2m television advertising fund. The Independent Broadcasting Authority, with a touch of sophistry, ruled that if the advertisements for Sunday Sport portrayed the true nature of the paper they would be in bad taste. If they did not then they would be misleading people about the nature of the product.

The IBA has partially relented, allowing independent local radio stations to make up their own minds—a freedom that is now being extended to the ITV companies. One result, according to Mr Gabbert, the paper's editorial director, is that Capital Radio, London's commercial music station refuses the advertisements while LBC, the news station, accepts them.

Mr Gabbert, who after the News of the World worked for the BBC—"I call that my Dr Jekyll period"—concedes that "we have more tits on average than the News of the World. But we are only doing in colour what they do in black and white."

Mr Sullivan has promised that if the circulation of Sunday Sport reaches 700,000 he will turn it into a daily.

In an overcrowded national newspaper marketplace the only remaining elbow room may be below the Sun and The Star. With the possible exception of a Daily Sport all the signs are that Britain's national newspaper revolution may have run its course.

BR lays its fine art on the line

Antony Thorncroft assesses the likely return from a celebrated investment decision

ON MONDAY morning Sotheby's will dispose of one of the finest collections of Old Master prints assembled in recent years. The bidding will be watched with keen interest by such institutions as the Getty Museum of Malibu, California, the British Museum and, at one remove, by thousands of retired engine drivers and signalmen.

For the auction marks the beginning of the end of a remarkable experiment: the decision, in 1974, of the British Rail Pension Fund to invest in works of art.

It seemed a good idea at the time. The FT All Share index average level that year was 107; inflation was more than 20 per cent; the property market was sticky; there were exchange controls. Suddenly works of art, along with gold seemed to offer some form of security. And the actuary then in charge of the British Rail Pension Fund, Mr Christopher Lewin, was a collector of books and manuscripts.

The diversification was to be modest, not exceeding 5 per cent of the fund's annual cash flow, limiting the investment to £5m a year. In theory, only the finest quality works of art were to be bought, with purchases spread around a dozen sizeable art markets. The trustees were to decide what to buy, acting on the advice of Sotheby's, which set up a company with the pension fund to administer the scheme.

From the start there was trouble. The role of Sotheby's in recommending that the trustees bought frequently at its own auctions was questioned. The propriety of a nationalised industry investing in such fripperies as Picasso paintings and Ming vases, instead of in job-producing activities, was raised in Parliament. The basic strategy of diverting the money of pensioners into such long-term and esoteric markets, which offered no immediate return on capital and only speculative future rewards, rallied critics as diverse as trade unionists and fine art dealers.

The trustees stuck to their guns, at least until 1980 when it was apparent that civilisation as investment managers knew it was going to continue, and that stock exchanges, in the UK and elsewhere offered more promising immediate returns. A new fund manager, Mr John Morgan, decided to limit the purchases of art to £40m and, in effect, the buying stopped. The arrival last year of yet another manager, Mr Maurice Stonefrost, has precipitated Monday's sale, the first major dispersal from a collection which, at its peak, totalled 2,000 items.

Selling the 98 Old Master prints has many attractions for the pension fund. They are delicate and not suitable for public viewing, unlike most of the collection, which is scattered around museums in the UK and abroad. This, incidentally, is both good public relations and a money-saver—the museums pay the insurance costs. Also Old Master print sales have done well in recent months. The fund is testing the water in the most propitious circumstances.

No less than 52 of the prints in the sale were bought at Sotheby's, between 1974 and 1980, offering immediate price comparisons. The calculators will be out to measure the appreciation in value against comparable investment areas. For example, an etching by Rembrandt of St Jerome reading, set in Italian landscape, cost the fund £36,400 in 1976. It now carries a top estimate of £150,000.

Some of the prints were acquired for modest sums—Trajan's Justice, by Hans Beham, cost £110 in 1975 and should have appreciated fivefold. But the success of the auction rests on the fate of a few undoubted masterpieces, in particular the beautiful impression of Rembrandt's The Three Crosses, considered to be among the greatest achievements of print making. It carries a top estimate of £300,000.

The Rembrandt print provides the perfect example of why the British Rail Pension Fund diversified into art. In 1854, Sotheby's sold a similar impression for just £4 4s. There can be few commodities which have such a long trading history, which are getting steadily more scarce while becoming more widely collected, and which require little attention. In total, Monday's sale should comfortably exceed Sotheby's modest estimate of £1.5m and guarantee the fund a reasonable return. However, whether it compares well with other investment opportunities is dubious.

Since 1974, for example, the FT All Share index has risen by a multiple of more than 10. And there would have been annual dividends on top of the rising price. Some property has increased in value at an even more rapid rate. At the same time, there has been a proliferation of financial investment instruments.

Another factor inclining towards the disposal of the collection is the bad Press it attracted. No other major institution followed British Rail down this track. Although there are British companies that have assembled fine hoards of paintings, notably Unilever, De Beers and NatWest, investment potential has never been the prime goal.

Overseas, it is different. Citibank of the US will loan money against the security of works of art. Many rich entrepreneurs acquire collections in the name of their company and sell them at appropriate moments.

Last week, Mr Thomas Monaghan, proprietor of the Domino's Pizza chain, paid £368,944 at auction for a table and chairs designed by the architect Frank Lloyd Wright to beautify his offices. In Belgium, the Banque Lambert is disposing of an excellent collection of modern art, and Japanese corporate purchases have become an important factor in the international market. Van Gogh's Sunflowers earlier this year went to Yasuda Fire and Marine Insurance.

In the UK there has never been the same enthusiasm for art. This is unlikely to silence protest if, as seems certain, the best items from the collection are sold overseas. But since the UK contains both the best group of Old Master prints in a public collection (in the British Museum) and in a private collection (the Duke of Devonshire's), such outbursts should be contained.

It could be different if the relative success of the print auction loosens other treasures from the collection. In theory, the major purchases should be held for at least 20 years to guarantee a good appreciation, but the pressure may be on for a much quicker "privatisation."

Among the masterpieces held by the fund are Picasso's Blue Boy, which cost £560,000 in 1977 (a high price at the time); a 12th century bronze base of a candlestick, acquired for £605,000 in 1978 (another staggering sum); and paintings by Monet, Renoir, Canaletto and Tiepolo.

Although there is unlikely to be a major dispersal in the immediate future, the experiment is well and truly over: a historical footnote to the roaring inflation of the 1970s.

Detail from Dürer's The Martyrdom of St John

Letters to the Editor

Studying Japan

From Mr R. Dore.

Sir,—The Leverhulme Foundation has recently given this centre funds for rather generous (£9,000 pa) training fellowships for bright graduates who are prepared to spend two years learning Japanese, learning about Japan and doing a piece of research on some aspect of Japan's industrial or technology policy. Despite widespread advertising, we have so far identified only two good candidates, and one of those has since decided that a fellowship and a more conventional PhD course at Berkeley is more attractive.

We are also offering a similar but shorter course for young graduates employed by British or Japanese firms, with a bias (we are at Imperial College), towards those likely to be involved in Anglo-Japanese technology collaboration/interchange. Again, a lack of enthusiasm with one special twist. There are places where Japanese expertise is appreciated—in the City. "Why should we," say British manufacturing firms, "invest heavily in training an engineer to communicate with Japanese engineers, to develop the antennae to discover what is going on in the Japanese R & D world, only to find that two or three years down the road, as soon as he gets to be functional, he is snapped up by a bond dealer or investment analyst at twice the salary we can offer."

The problem is real. Some means of burden-sharing, of arranging for industry collectively to share the cost of creating the pool of trained manpower it needs, would seem to be essential.

Ronald Dore,
Centre for Japanese and Comparative Industrial Research,
53 Prince's Gate, SW7.

Provisions for debts

From Mr A. Herd

Sir,—When the UK's largest clearing bank dramatically increased its provisions for doubtful sovereign loans to some 35 different countries on June 16 it described its action as a "continuing prudent approach to sovereign debt."

As Lex reminded us all however, on June 17, Citicorp had belatedly increased its bad debt provisions for outstanding third world loans in mid-May, reportedly by $3bn, and other major US banks had followed suit in the intervening period.

While I, too, am relieved that a sense of realism appears to be returning to international banking, I suspect that the pendulum may now swing the other way and that, particularly in the UK, we could experience an imbalance between doubtful debts and bank provisions, with inadequate distinction being made between specific and general bank provisioning.

Such a situation could prove unacceptable to those outwith the banking fraternity, and I myself have never favoured supporting ill-conceived or badly executed lending policies by granting full tax relief on bank lending losses incurred, or not incurred as might ultimately be the case. In this context, it is hard to disagree with Lex's definition of bank provisioning as being, quote, almost a collective confidence trick, unquote.

This could actually be an excellent opportunity to review and clarify the distinctly grey area of bank provisioning for the benefit of all concerned.

A. P. H Herd
2a, Strathmore Street,
Broughty Ferry,
Dundee.

Paying for flight

From Mr P. Tray.

Sir, — The problems of flight delays in the USA are indeed due to a massive increase in traffic, only partly accounted for by deregulation. Has Mr P. MacNamara (June 23) forgotten that today there are still fewer air traffic controllers than before their 1981 strike? His other allegations should not go unchallenged either.

Who, indeed, would have thought it possible to fly from Luton to Dublin on a scheduled flight for £29? An independent airline, that's who! Certainly not the duopoly carriers on the Heathrow-Dublin service. Was their reaction in the form of a (restricted) £69 return one of Mr MacNamara's "countless examples of voluntary change"? The day monopoly or duopoly carriers voluntarily set their fares near their core levels, watch out for pigs on your next flight.

As for the "truth" that this month" . . . it is possible to buy a return scheduled ticket to almost any point in Continental Europe for about £50, in many cases a great deal less . . . ." please, Mr MacNamara, do tell us where we can book such bargains. Offhand, I cannot think of a single destination.

I do agree with Mr MacNamara that some nations operate airlines for reasons of national prestige, foreign exchange earnings and social obligations. This is surely every country's undoubted right. If however, the resultant fare needed to make a profit is higher than other carriers can provide, why should passengers have to pay the higher fare in a duopoly situation? I suggest the taxpayers of the country concerned should pick up the tab, not the passenger. If the taxpayers jib at this, conceivably they could bring pressure to bear on their national carrier to match the efficiency of the competition.

Peter H. Tray,
Richard, Archie & Co,
Victoria House,
Southampton Row WC1.

Not boating weather

From the Chief Executive, Madame Tussaud's

Sir,—As owners of Warwick Castle, the grounds of which flank a section of the higher Avon between Stratford and Warwick, I would like to reply to David Bolton's one-sided presentation of the aims of Hant, the Higher Avon Navigation Trust, which, not for the first time, has appeared in the Financial Times ("Jolly boating weather," June 20).

It is incorrect to suggest that this section of the river is used "extensively" by rowing and sailing clubs. The former rarely use it; the latter effectively never. In any case, all craft using these waters necessarily must be small and portable.

Opposition to the proposed scheme is widespread, far more than "anglers and some naturalists." Apart from ourselves, other opponents include the CPRE, the RSPB, the Nature Conservancy Council, the NFU, the Country Landowners Association and the Warwickshire Nature Conservation Trust. At least 10 local angling organisations, including the National Federation, are also opposed to the scheme.

In addition, Stratford District Council has expressed formal opposition, as have the Members of Parliament for Stratford and for Warwick and Leamington.

Since reading the article I have been informed that the National Trust's views have been misrepresented.

With regard to the supposed advantages for tourism, no cost benefits have so far been produced. Such figures as have been quoted seem to be, in the light of our own experience of the subject, to say the least, fanciful.

In our opinion the development of this section of the higher Avon would trivialise an area of outstanding natural beauty. It would have a serious effect on local wildlife, particularly birdlife, as well as on important fish-spawning grounds. We believe the conservation arguments are overwhelming. Therefore, as a company, we intend to continue to oppose this scheme strenuously.

Michael Herbert.
Marylebone Rd, NW1.

Local authority re-organisation

From Mr E. Turnbull

Sir,—Mr Henry Law (June 23) refers to the differing cost of local authority infrastructures in different areas. One particular but oft-neglected category of local authority expenditure is entirely a result of the Conservative reorganisation of the early 1970s. By destroying small and compact local government areas the Government of that time not only placed many local electors under permanent majorities of one Party or another, but also created huge administrative costs in the form of long lines of local communication, which include such expenses as increased motor mileage and transport delays, or trunk telephone calls where formerly, local calls would suffice.

In my area we lost a local authority of 15 members, all of whom sat on all sub-committees and thus understood all of the council's business, while the former council offices were accessible on foot from any part of the local authority district. In other areas even worse communication costs were created. Think, for example, of the wastage involved in placing Grimsby, formerly a compact county borough in Lincolnshire, under Beverley, far away in former Yorkshire.

This suggests that perhaps one of the best developments in local government, both politically and economically, would be simply to repeal the legislation of the early 1970s and return to the local government pattern which existed previously.

Edward Turnbull.
38 Elsdon Road,
Gosforth,
Tyne and Wear.

The Palumbo proposals

From Mr N. Ostrom

Sir,—May I comment on the latest Palumbo proposals as discussed by Colin Amery on June 22.

Whereas the present structure, sadly hidden, has charm, dignity and considerable warmth, none of these attributes could by any stretch of the imagination be applied to Mr Stirling's proposed building.

It seems a great pity that the original design of Mies van der Rohe was not allowed to proceed, at least it had dignity and actually made a statement.

The new design proposal is an architectural Tower of Babel inasmuch as it seeks to make dozens of conflicting statements. Also it has a cold, alien look which might be interesting to preserve in a less distinguished site as an example of just how many differing unaligned features one can incorporate within the one building.

N. Ostrom.
Priestfield,
Watts Lane,
Chislehurst, Kent.

Time to explain

From Lord Mayhew,

Sir, — Your reviewer, Malcolm Rutherford (June 20) dismisses my book "Time to explain" in a single (incongruously flattering) sentence and devotes the rest of his review to personal abuse.

Whether his assessment of my character is fair or not I leave to others to decide. My hope is that readers will conclude from the style in which it is written that it is prejudiced and not to be trusted. If they read the book itself they will quickly see that the entire review is malicious and untruthful.

Christopher Mayhew,
House of Lords SW1.

Malcolm Rutherford argues that he made no challenge to Lord Mayhew's personal integrity and reaffirms his view of the book as a thoroughly engaging autobiography—Editor

Stumped twice

From Mr P. Lawford

Sir,—I suspect that even John Barton King, although "one of the greatest bowlers in the history of the game" (June 20), did not succeed in hitting "the stump 11 times in one innings" (excluding possible no-balls, presumably). Unless this was a peculiarly Irish (or baseball-influenced?) version of cricket, surely one of the Gentlemen of Ireland was permitted the honour of remaining not out?

Philip C. Lawford.
Samuel Montagu Capital Markets,
560, Lexington Avenue,
New York, NY 100022.

EHP to buy Scholl for £98m

BY LISA WOOD

European Home Products, the European Singer sewing machine distribution and retail group, is to buy **Scholl International**, the footwear products and retail chain, owned by Schering-Plough, the US pharmaceuticals company, for a total of $160m (£98.2m) which includes $30m inter-company debt.

The consideration will be partly satisfied by a rights issue, raising £48.8m, with the remainder met by a mixture of a further placing of preference shares and bank loans. Schering-Plough, which bought Scholl International in 1979 will retain the Scholl trademark and patents in the US, Canada and Caribbean.

The deal gives EHP the operations of Scholl International, including 112 retail shops, in 25 countries, the major areas being Europe, the Pacific Basin and Latin America.

Operating profits have been flat in recent years. In 1986 it was $12m on a turnover of $150m. EHP said it would be improved this year, up to $18m, because of manufacturing rationalisation and third party sourcing. Scholl branded products range from athlete's foot powders to ladies tights.

EHP was set-up in 1985 when it acquired the Singer retailing and distribution operation in 12 European countries. The company's flotation last September was marred by adverse press reports concerning its chairman, Mr Harry Gittes.

EHP reported pre-tax profits for 1986 of £4.8m, ahead of the forecast made at the time of the undersubscribed offer for sale.

EHP retails and distributes a wide range of consumer products including household electrical goods, consumer and industrial sewing machines, mainly under the Singer name. According to EHP the Singer brand accounts for about 30 per cent of European domestic sewing machines, about 50 per cent of which are sold through its own shops.

The company's strategy has been to expand and improve its retail network and widen its product base. In May EHP bought Werner, a German sock and tights importer, for about £10. EHP said yesterday it was also negotiating the acquisition of a retail chain "operating in a single country" for about £5m.

EHP said the Scholl acquisition gave it a second major brand. Mr Giddes said he believed Schering-Plough had under-utilised the Scholl operation.

Schering-Plough, he said, was retaining its North American and Caribbean operations because they dealt in remedial footcare products whereas more than half of Scholl's sales came from retail and footwear products.

He said EHP was negotiating with Schering-Plough to distribute some of its products, including suncare items, which had been distributed alongside Scholl products.

The acquisition will beef up EHP's retail presence in Northern Europe and particularly in the UK where it only has one company-owned Singer shop. However, Mr Giddes said he was not planning to transform Scholl's 57 UK shops into Singer shops.

Mr Giddes said one of EHPs strengths was its distribution network and the Scholl business could take advantage of the Singer infrastructure.

Benlox launches £17m Nolton bid battle

BY NIKKI TAIT

A £17m bid battle broke out yesterday over **Nolton**, the former investment holding company whose activities now take in housebuilding, personnel services, packaging and vehicle leasing.

Predator is Benlox Holdings, another building conglomerate whose current chairman Mr Andrew Millar left a similar post at Nolton last January after four years with the company.

Mr Millar says the plan is to "demerge" all except the house-building and construction activities of his old company and is being advised by Ifincorp, Earl, which over the past 18 months has launched (ultimately unsuccessful) demerger bids for both Extel and construction company, London and Northern.

However, the cash or paper offer was immediately rejected by Nolton directors who maintain that the group has a clear strategy of its own and that the terms undervalue the businesses. The company itself plans to divest its Carr & Day & Martin subsidiary, which makes sports clothing, solid fuel tablets and products for wood, metal and leather preservation, via a management buy-out but says that a remaining three sides to the business should be kept.

Under the offer, Benlox is offering seven of its own shares for every six Nolton or 61p in cash. With Benlox up 5p to 65p, the paper terms value each Nolton at 76p; Nolton itself gained 1p to 67p. Mr Millar, however, starts with almost 36 per cent of Nolton's shares under his belt: Benlox itself owns 12.65 per cent, institutions speaking for 16.8 per cent have given irrevocable undertaking to accept and Mr Millar has a further 16.48 per cent.

Mr Millar also announced that he has placed his entire 26 per cent holding in Benlox —5m shares. According to Ifincorp Earl, which placed the shares among four or five institutions but would only say the price was in the "mid-sixties," the disposal was to avoid any mandatory bid if the Nolton approach proves successful and Mr Millar's holdings in the two companies are combined.

BAA price could be well over 200p

By Richard Tomkins

SHARES IN BAA, the British airports operator about to be floated on the stock market, may be priced significantly above the 200p mark which has formed the basis of some recent guesses, the Government's advisers suggested yesterday.

On Monday of this week, stockbrokers Kitcat & Aitken, who are unconnected with the offer, published a circular suggesting that the shares should be valued at about 210p, giving the company a market capitalisation of £1.05bn. The Government's advisers, however, say this figure is off the bottom of the likely range.

Kitcat & Aitken acknowledge that the company has several strong points as an investment. But it argues that the heavily regulated environment in which it operates combined with the unexciting recent earnings growth suggest a discount to the market average, and puts the shares on an historic price/earnings ratio of 13.

Yesterday Mr Dan White of County Securities, joint stockbroker to the offer, said this assessment was unfair to BAA because last year's figures had suffered from the twin effects of a downturn in transatlantic traffic and the cost of opening Heathrow's Terminal Four.

County Securities is prohibited from making a profits forecast, but Mr White pointed out that if other brokers' forecasts of £145m on an historic cost basis were realised, prospective earnings of around 18.7p could be in sight.

The average prospective price/earnings ratio for the market is 14½, to BAA's price would theoretically settle at 270p if it were to go to an average rating. The usual 15 per cent discount to encourage buyers might then leave the offer price at 230p — though some analysts expect the need to produce a lively interest in the tender part of the offer could drive the fixed price lower.

Crest Nicholson doubles profit and calls for £40m

BY STEVEN BUTLER

Crest Nicholson, the building and property development group, yesterday reported a doubling of pre-tax profit in the six months to the end of April, while announcing a £40.2m rights issue of 5½ per cent convertible preference shares of £1 each.

The company's profit rose from £1.68m to £3.4m, on a turnover of £80.1m (£69.27m).

However, Mr Roger Lewis, chief executive, cautioned that the profit growth for the year could not be projected on the basis of the six months performance, although he said that the improved performance reflected a broad strengthening of the business rather than seasonal or one-off factors. Crest Nicholson traditionally earns the bulk of profit in the second half of the year.

Earnings per share rose to 4.52p (2.54p), and an interim dividend 2p (1.75p) was declared.

The rights shares are to be offered to shareholders on a five-for-nine basis. Proceeds of the issue are to be used to establish a housebuilding operation in East Anglia; to bring into operation strategic land; and to provide funds for commercial and industrial developments.

Current borrowing of about £40m will be eliminated, and gearing brought down from about 60 per cent to nil.

The preference shares are convertible beginning in 1990, on the basis of 353 ordinary shares for 1,000 preference shares, at an effective price of 283.3p.

● comment

Crest Nicholson thinks it has a conservative strategy to exploit the current property boom while protecting itself against risks of a downturn. This involves, oddly enough, getting deeper into property. Crest Nicholson is shedding commercial and industrial companies to concentrate on what it says it does best—property development and construction. To spread the risk it is pushing out of the south-east into the East Anglia commuter-belt and fanning out across the range of housing price brackets. To limit exposure to land bank costs, the company holds land on option—although this reduces windfall profits as long as the boom rages. The company depends on being able to respond rapidly to changing demand patterns. Take a view on interest rates and the future of the property sector, add a bit of cushion, take into account an excellent track record and that could sum up Crest Nicholson's prospects. The rights issue of 5½ per cent convertible preference shares could be hard to pass up and the shares, at 283p, are sound value on a fully diluted p/e of 15 based on profit projections of £23m.

Burgess in merger with AEC

BY DAVID WALLER

TWO PRECISION electronics companies, Burgess Group and American Electronic Components, have agreed to merge in a deal which values AEC, the smaller company, at £43m.

The USM-quoted AEC made pre-tax profits of £2.9m on turnover of £10.3m in its last full year; Burgess made profits of £3.1m on £36.3m turnover in the year to August 2 1986. Both companies showed significant improvement in profits in the following half-year.

Burgess and AEC make a range of electrical and electronic products for automotive, industrial and other markets, which they describe as compatible, but not competitive.

Burgess' £19m acquisition in January of Saia, a Swiss micro-switch manufacturer, had the effect of doubling group turnover. It is also meant that 95 per cent of turnover derived from the UK and Europe. By contrast AEC's turnover derives almost exclusively from the US.

"We have been looking to move into the US for some time," said Mr Bob Morton, Burgess chairman. "Similarly, AEC has been trying to break into European markets. This deal will reduce our vulnerability to particular markets and allow us to become world players in certain chosen areas."

In addition to benefiting from cross-fertilisation of products, the new group will enjoy tax advantages. AEC has hitherto generated unrelieved Advance Corporation Tax of £460,000 a year, which it will now be able to offset against Burgess' tax bill.

Furthermore, AEC still has "substantial" tax losses which can be offset against future profits. These derive from AEM's earlier incarnation as American Oil Field Systems. At the initiative of Montagu Investment Management, this loss-making US company with a UK listing was backed into Durakool, an Indiana-based switch manufacturer, in 1985. The company's name was changed and its shares quoted on the USM.

MIM and other founding shareholders with 57 per cent of the equity have given irrevocable undertakings to accept Burgess' eight-for-one share offer. With Burgess shares at an unchanged 308p yesterday, this values AEM at 38.6p per share, a premium to their 37p price in the market.

Mr Morton will be chairman of the enlarged group and three AEC directors will join the Burgess board.

● American Business Systems, formerly New Court Natural Resources, reported pre-tax profits of £314,000 (a loss of £15.74m) on a turnover of £7.87m (£3.83m) for the year to March. Earnings per share were 2.26p (loss of 174.96p).

In December, Danka, an American photocopier distributor and office automation company, was acquired by New Court Natural and most of the company's oil reserves were heavily written down. Mr Mark Vaughan-Lee, ABS's chairman, said that Danka's profit contribution had been ahead of expectations at $1.1m while continuing oil operations produced $340,000. For the year to March, Danka made an adjusted $3.3m compared with forecasts of $3m.

Randsworth Trust £50m acquisitions

By Paul Cheeseright, Property Correspondent

Randsworth Trust's rapid expansion of its asset base went a stage further yesterday when it announced £50m of property acquisitions, partly to be financed by a share placing and an open offer to shareholders.

The company is proposing to raise £15m through the issue of 6.25m new ordinary shares, which would represent 12.5 per cent of the enlarged issued share capital.

The plan is to place the shares, subject to a clawback in the event of existing shareholders wishing to take up the offer which is priced at 240p a share, a discount of 24p on last night's closing price of 264p.

The market took the news in its stride and the shares lost 1p on the day.

The balance of the funds needed to buy the properties will come from bank borrowings.

Five properties in the West End of London are being bought from British Land subsidiaries. They currently produce rental income of £1.6m a year. The other property is on the north-eastern edge of the City of London. It is an office block providing rental income of £1.38m.

Electric and Gen.

In the year to May 31 1987 **Electric and General Investment** increased net assets per 25p share to 647p (487.4p) after prior charges at par, or from 487.6p to 645.5p after charges at market value.

Net revenue rose slightly to £1.14m (£1.08m) and earnings per 25p share were 6.31p (5.97p). The final dividend is 3.15p for a total of 5.25p (4.5p). The company is proposing to sub-divide the existing 25p ordinary shares into 5p shares.

Bremner

Mr Andrew Greystoke, chairman of City and Westminster Financial, the financial services group involved in the battle for control of **Bremner**, the department store and property company, has announced that he is joining the board of Lanca, the handbag wholesaling group, in which CWF and friendly parties own a 29.9 per cent stake. CWF intends to develop Lanca's distribution activities and hopes shortly to announce the acquisition of a private company.

Bankers' Inv. Trust

The Bankers' Investment Trust lifted its net asset value per 25p ordinary share from 75.1p to 92.5p at the end of the half year to April 30 1987—a rise of 23 per cent over the previous year.

The directors declared a second interim dividend of 0.36p (0.3p adjusted). Earnings per share moved up from 0.64p to 0.651p. They said that a strong performance in Japan and the UK had been impaired by weak continental European markets and a flat performance from US equities in sterling terms.

Net revenue rose marginally from £1.02m to £1.03m and tax accounted for £463,000 (£505,000).

RPH ahead

RPH, a subsidiary of Reed International, reported turnover for the year to March 31, 1987 of £423.6m (£424m) and pre-tax profits £52m (£50.3m). Earnings per share were 23.5p (24.1p) and the dividend 24.1p (46.1p).

Era pays £17m for Kohnstam

BY PHILIP COGGAN

Era Group, the former Times Veneer, yesterday announced its second move into specialist retailing with the acquisition for £17m of **Richard Kohnstam**, a models and hobbies retailer and distributor.

Time Veneer was a small timber company until a group of investors led by Mr David Landau, a solicitor, Mr Robert Newman, an accountant, and Mr Peter Beswick, a stockbroker, took control of the group from the Berman family.

Since then, Times has changed its name, sold the original veneer business and acquired Lexterten, a reproduction furniture chain, and A S Royston, a furniture distributor.

Kohnstam has 41 retail outlets which trade under the name Beattie, selling a range of model toys from Hornby train sets to radio-controlled cars. It also has a distribution business which supplies many of the country's leading retailers.

In its last financial year Kohnstam made pre-tax profits of £1.29m on turnover of £20.77m. In the nine months so far this financial year profits have increased to £2.37m on turnover of £23.99m. Mr David Binger and Mr David Henley, managing directors of Kohnstam and Beatties, will join the Era board.

Consideration will be in the form of 14.2m ordinary shares of which 4.9m will be retained by the vendors and the rest, together with a further 0.86m shares, offered to shareholders in the form of a rights issue. Shareholders will be offered three new ordinary for every ten they hold and one ordinary for every five preference shares. The new shares, which will be offered at 120p each, will represent 31 per cent of the enlarged equity.

Shareholders will be asked to approve the purchase at an extraordinary general meeting to be held on July 22 and Era expects to be able to resume its listing on that date.

Plessey to sell connector side

BY TERRY DODSWORTH

Plessey, the UK electronics and defence group, has put its electrical connector business up for sale as part of its strategy of concentrating on high technology activities in the defence, telecommunications and component divisions.

The company said yesterday that the disposal of the connector interests, based at Northampton, was under discussion with several potential purchasers. These talks were likely to take another two months to complete.

Plessey makes both military and industrial connectors for the telecommunications and computer industries at the plant, which generates a turnover of more than £16m a year. The business employs 430 people, and is profitable.

Lancaster set for listing

BY STEVEN BUTLER

Lancaster, the UK retail motor trading company which is a subsidiary of Jardine Matheson, will seek a stock exchange listing through a placement by Robert Fleming.

Lancaster is to raise £28.2m in a placing of 4.4m new shares, which represent 25.7 per cent of the enlarged share capital. This values the company at £6.7m, with a historic p/e of 16.5.

Jardine Matheson will continue to hold 60 per cent of the shares, while the Lancaster family will hold the balance.

In 1986, Lancaster posted pre-tax profits of £1.85m on a turnover of £79.08m.

Proceeds of the issue will be used to establish accident repair centres; to finance a freehold purchase in West Thurrock; and to extend, improve, or relocate existing dealerships.

Far East placing

Far East Resources, an oil and gas company with interests in the Philippines, is coming to the Third Market in a placing. After the issue the company will be capitalised at £8m.

In the placing, Far East Resources will issue 3m shares, or 30 per cent of its equity, at 80p each. Originally its sponsor, T. C. Coombs, had intended to opt for a higher price of 100p a share, thereby valuing the company at £10m.

New foundries hit Wm. Cook profits

WILLIAM COOK yesterday revealed that the acquisitions which last year turned it into the UK's largest steel foundry company are presenting it with unexpected difficulties.

Announcing 1986-87 results, Cook said that the trading of the foundry companies acquired from Weir Group for about £12.9m last year was not as good as had been hoped and inefficiencies were greater than anticipated.

Cook's pre-tax profits for the year to April 4 were £1.46m, up from £1.2m, on sales of £25.2m (£10.36m). After a reduced rate of tax—£237,000 against £510,000—earnings per share came out at 16.16p (12.45p).

The company said this year was proving difficult because of restructuring. Its strategy remained unchanged and "medium-term prospects undiminished " once the restructuring is complete."

Depressed conditions throughout the steel foundry industry had led the market to downgrade its expectations of Cook. Shares in the company yesterday rose 7p to 147p, against a high for the year of 269p.

Grainger Trust

Graiger Trust, a property investment and trading company, more than doubled its pre-tax profits from £1.07m to £2.22m in the six months to March 31 1987. Total income rose from £.m to £7.01m.

The directors declared an interim dividend of 0.75p—up from a figure of 0.6p adjusted for a two-for-one scrip issue in February 1987.

Tax charges rose from £452,000 to £788,000 and earnings moved up to 7.7p (4.5p).

Acsis shares soar as stake changes hands

By Nikki Tait

Shares in Acsis Jewellery, the "shops within shops" retail chain which came to the Unlisted Securities Market back in 1981, jumped 122p to 168p yesterday on news that a 43-year-old South African businessman, Mr Darryl Phillips has acquired a substantial stake in the company.

Mr Phillips, who moved with his family to Britain a year ago, has a background in advertising and public relations in South Africa. Yesterday he said he planned to take Acsis into marketing services — with a number of acquisition ideas under consideration—but he retained an open option over the future of the remaining jewellery business.

Mr Phillips has bought 46.4 per cent of Acsis's shares through Windstorm, which is incorporated in the British Virgin Islands and will be controlled by his family trusts. Also investing in the newly created Windstorm are York Trust, Hambros, AAF Investment Corporation, Boase Massimi Pollitt, Mr David Nabarro and Mr Lindsay Phillips.

The stake—1.263m shares—has been bought principally from Charterhouse Development Capital which held just over 1m shares at 20p.

To meet Takeover Panel rules, a token 20p a share is being made for the remaining equity.

A further 1m convertible preference shares, held by the quoted Birmingham Mint, have also been bought by Windstorm for £675,000.

The board of Acsis—which Mr Phillips joins as executive chairman—now plans to recapitalise the company via a £1.5m rights issue of 8.34m shares at 18p each.

Caradon share sale

The offer for sale of shares in Caradon, the branded building products maker, has proved to be a success.

Applications were still being counted yesterday but S. G. Warburg, the merchant bank sponsoring the issue, said the offer had been substantially oversubscribed. A heavy rationing of shares now appears inevitable: the bank said the allocation would be announced as soon as possible.

Clay Harris looks at a possible takeover battle

Tilbury prepares defences to keep out the Raine

Tilbury Group may discover next week whether it has made sufficient use of a six-month grace period to escape the clutches of Raine Indsutries, a fellow contractor and housebuilder.

After increasing its stake in Tilbury to 23.2 per cent in December, Raine promised not to bid until the end of June, unless the Tilbury board approved or a rival suitor emerged.

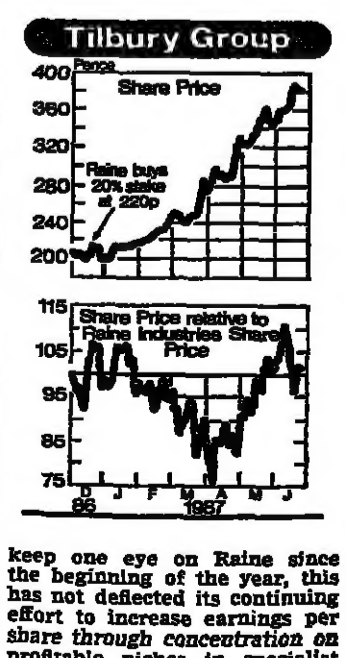
With the breathing space now approaching its end, Raine has seen the price of Tilbury shares soar to 380p, where it has a market capitalisation of £75m.

This price is more than 70 per cent above the 220p which Raine paid Govett Strategic Investment Trust for a 20.3 per cent holding. Raine's own share price has nearly doubled in the same period. It has a market value of £86m.

Mr Peter Parkin, Raine chief executive, made clear yesterday that he was keeping all options open. These include launching a bid next week, waiting until later to do so, taking a profit by selling the stake or hanging on as a major shareholder.

Tilbury, however, is preparing for a contested bid. Mr Cedric Brand, managing director, promises a "vigorous defence" if one emerges.

Although Tilbury has had to keep one eye on Raine since the beginning of the year, this has not deflected its continuing effort to increase earnings per share through concentration on profitable niches in specialist contracting, housebuilding and property.



In 1986, earnings rose by more than half on pre-tax profits ahead by 64 per cent to £5.28m. Analysts are forecasting another earnings advance of at least 20 per cent in the current year.

Tilbury, which grew out of a Thames lighterage and dredging company established in 1884, specialises in relatively small but technically complex civil engineering contracts, including sewage treatment plants, sea defences and railway bridges.

Now based in West Sussex, it has returned to its dockland roots as a leading piling contractor. This move came through the acquisition last year of West's Group International, barely a month after Tilbury sold Roadstone, its 60-year-old aggregates subsidiary, to Redland for £15m.

Tilbury also has an active property development division and is the third largest housebuilder in Scotland.

With pre-tax profits of at least £7.7m expected for this year, Tilbury shares stand on a perspective p/e of 15, at the top end of the contracting sector.

This may limit Raine's leeway to offer a price high enough to win the day. But a bid could also force a more market-related assessment of Tilbury's property holdings which might act as a two-edged sword.

If Raine goes away, it may take with it any bid premium. Mr Brand argues, however, that Raine's presence has acted as a drag rather than as a spur to the share price.

Ladbroke US motel sale

BY CLAY HARRIS

Ladbroke Group yesterday withdrew from the US motel market by selling the Rodeway Inns franchise operation to Ramada, the Phoenix-based hotel company, for $20m (£12m).

Rodeway owns none of the 160 US motels which carry its name. About three-quarters of the disposal price represents goodwill. Fixed assets include a computerised reservation system and a Dallas headquarters, which Ramada plans to sell.

Ladbroke bought Rodeway in 1985 for less than $13m. Although operating profits more than covered holding costs, Ladbroke said yesterday that margins and capital appreciation did not match those in the UK hotel market.

The acquisition takes Ramada into the economy end of the US motel market. Rodeway rooms cost an average of $35 a night, compared with a $45 minimum in Ramada's 500 US motels.

A brief flurry of rumours, similar to those which hit the Ladbroke share price last month, emerged again yesterday. After early falls of nearly 20p, the shares recovered to 416p, limiting the day's loss to 10½p.

DIVIDENDS ANNOUNCED

	Current payment	Date of payment	Corresponding div	Total for year	Total last year
Bankers Inv Tst sec int	0.36	Aug 31	0.3*	—	1.43*
Electric and Gen.	3.15	Sept 25	2.65	5.25	4.5
Grainger Trust ......int	0.75	—	0.6*	—	2.67*
Marston, Thompson ...	1.77	—	1.54	2.55	2.24

Dividends shown pence per share net except where otherwise stated. * Equivalent after allowing for scrip issue. † On capital increased by rights and/or acquisition issues. ‡ USM stock. § Unquoted stock. ¶ Third market.

LONDON RECENT ISSUES

EQUITIES

Issue Price	Amount Paid up	Latest Renunc. Date	1987 High	1987 Low	Stock	Closing Price	+ or –	Net Div.	Times Cov'd	Gross Yield	P.E. Ratio
§65	F.P.	—	85	78	*Americaser Energy 10p	78	.....	—	—	—	—
§132	F.P.	30/6	204	155	B.D.A. Hldgs. 10p	200	.....	L2.5	3.70	1.7	21.8
§77	F.P.	—	122	90	Barrett (Henry) 10p	115	–2	R2.81	2.2	3.3	18.2
§77	F.P.	30/6	110	96	♦Bonded Lam'ates 10p	110	.....	L2.4	2.4	3.0	19.2
§185	F.P.	6/7	242½	210	Chemring Intl.	242½	.....	L4.9	2.7	2.8	16.9
—	F.P.	—	23	10	Child Health Res. Wts	23	.....	—	—	—	—
§125	F.P.	—	185	145	♦Colorgraphic 10p	179	–1	L3.0	2.8	2.3	21.0
§120	F.P.	—	165	150	♦Colorvision 5p	161	.....	R2.2	2.7	1.9	26.8
§290	F.P.	10/7	297	278	Computer People 5p	291	.....	u3.6	3.2	1.7	25.4
‡‡	F.P.	—	190	166	Cresta Hldgs 10p	190	.....	—	—	—	7.8
§56	F.P.	17/7	82	71	Ede Morgan 5p	75	–2½	R1.0	4.3	1.8	17.6
§95	F.P.	—	140	113	Elga 5p	140	.....	L21	3.20	2.0	20.7
§170	F.P.	1/7	205	188	H'Bros Adv. Tech Tst	190	.....	—	—	—	—
§105	F.P.	—	215	165	♦Knobs & Knockers 10p	143	–2	L1.17	4.60	1.1	26.7
§175	F.P.	—	210	190	♦L'mouth & Berchett 10p	206	.....	L0.3	5.8	0.9	27.0
§130	F.P.	15/7	172	163	Neotronics 5p	170	–2	R1.8	4.2	1.4	22.3
—	F.P.	—	138	80	Oriflame Int Warrants	138	+25	—	—	—	—
125	F.P.	26/6	190	180	Pickwick	185	.....	R2.5	3.1	1.8	24.2
§83	F.P.	—	101	88	Practical Inv.	100	–1	—	—	—	—
¶¶	F.P.	—	117	94	River & Mer Cap 12½p	117	.....	—	—	—	—
¶¶	F.P.	—	103	98	Do. Inc. 12½p	100	.....	H5.67	—	7.9	—
¶¶	F.P.	—	38	18	Do. Wts 12½p	33	+2	—	—	—	—
¶¶	F.P.	—	102	98	Do. Stepped Prf 12½p	100	.....	H4.20	—	5.7	—
170	85	29/9	154	117	Rolls-Royce 20p	124	+3	W4.99	2.7	3.3	12.7
§165	F.P.	—	255	183	♦Ross C'sum. Elec. 10p	255	+3	L3.5	2.6	1.9	27.6
§100	F.P.	—	103	97	Sabre Insurance	97	.....	—	—	—	—
§125	F.P.	19/6	200	155	♦Sharp & Law 10p	187	.....	u3.0	2.4	2.2	25.6
§92	F.P.	24/6	100	94	♦Shoreline 5p	94	.....	u1.6	3.6	2.3	16.7
¶¶	F.P.	—	162	135	Smith Doctors 5p	145	.....	0.25	—	0.24	—
§20	F.P.	—	41	31	♦Stanco Exhibition 5p	41	+4	0.292	4.0	1.1	31.4
145	F.P.	17/7	195	150	Tie Rack 5p	155	.....	R1.1	4.2	1.0	34.8
§125	F.P.	6/4	167	158	♦UCL Group 5p	165	–1	u2.51	2.8	2.1	23.4
§130	F.P.	—	183	175	Warner Howard 5p	183	.....	R2.66	2.70	2.0	24.3
135	F.P.	4/9	175	160	Weinstter (Barry) Intl. 5p	175	.....	R4.0	2.9	3.1	12.3

FIXED INTEREST STOCKS

Issue Price £	Amount Paid up	Latest Renunc. Date	1987 High	1987 Low	Stock	Closing Price £	+ or –
§	Nil	24/7	11pm	9pm	Anglo Utd. Cnv. Red. Prf.	10pm	.....
100	F.P.	—	113p	109p	Asda Prop. 5¾% Cnv. Cum. Red Prf. 2012	112p	+1
—	F.P.	—	115	98	Barndene Invt. 15% Uns.Ln. 2007-12	111	.....
§99.239	F.P.	20/7	99¼	98¾	Dares Est. 10¾% 1st Mt. Deb. 2012	98¼	.....
§	Nil	24/7	34pm	27pm	Dencora 6¾% Cum. Cnv. Red. Pf.	33pm	+1
§	Nil	—	9pm	4pm	Elliotts (B) 7% Cnv.Cum.Red Prf.	8pm	.....
§100	£10	—	7½	7¼	Essex Water 9¾% Red. Deb. '97-99	7¼	.....
¶¶	F.P.	—	147p	108p	♦Gibbons Lyons 7% Cnv Cum Red Pf. (£1)	147p	.....
§	£50	11/9	50¼	48	Govett Strategic Inv Tst 9⅞% Deb 2017	48⅛	+⅛
§109	£10	—	7½	7¼	Mid Kent Water 9¾% Red. Deb. '97-99	7¼	.....
—	£10	24/7	12½	11	Mid-Southern Water 7% Red. Prf. 1997	12½	.....
—	F.P.	—	100⅛	99⅞	Nationwide 8⅞ pc Bds 20/6/88	100	.....
§	F.P.	29/7	137p	120p	Noble & Lund Sec CnvCumRedPrf(£1)	137p	+7
—	£25	11/11	25¼	23	North Housing Assoc. 8¾% Gtd.Ln.2037	24¼	.....
—	F.P.	7/7	2⅜	2	Do. Zero Cpn. Ln. 2027	2¼	.....
—	F.P.	—	298p	240p	P&O Subs. Warrts. 1988-92 (Ann. Wrrts)	295p	.....
§95.221	£25	29/8	180p	160p	Peachey Property 9⅞% 1st Mt.Deb.2015	178p	+3
—	£40	12/8	26	21⅞	Peel 9⅞pc 1st Mt. Deb. 2011	22⅛	+⅛
‡—	F.P.	15/7	42	38¼	Prowting 8.3% Cum. Red. Prf 2002 (£1)	38¼	.....
‡—	F.P.	—	106½p	101p	Do. 13¾% Cum. Prf. (£1)	106p	.....
¶¶	F.P.	—	174p	172p	Spong Cnv. Cum. Red. Prf. (20p)	173½p	.....
§98.105	F.P.	10/7	120p	106p	Tr Ind & Gen Tst. 10% Deb 2016	118p	.....
—	F.P.	—	101⅞	97¾	Unigroup 7¼% Cum. Cnv. Red Prf.	94¾	.....
			116p	110p		116p	.....

"RIGHTS" OFFERS

Issue Price p	Amount Paid up	Latest Renunc. Date	1987 High	1987 Low	Stock	Closing Price p	+ or –
136	Nil	24/7	83pm	75pm	Bank Ireland cap. (Ir £1)	80pm	+2
13	Nil	—	13½pm	10pm	Blacks Leisure 2½p	12½pm	–½
35	Nil	—	23pm	19pm	Dares Estates 5p	23pm	.....
210	Nil	29/7	72pm	44pm	Hazlewood 10p	72pm	+2
170	Nil	—	79pm	70pm	Kennedy Smale	70pm	.....
¶¶	Nil	14/8	15pm	4pm	Marston Bros. Pfd. 20p	6pm	.....
310	Nil	—	62pm	57pm	Rubers 10p	57pm	–1
—	Nil	—	43pm	38pm	Westwood Dawes 12½p	38pm	–3

Renunciation date usually last day for dealing free of stamp duty. a Annualised dividend. b Figures based on prospectus estimates. d Dividend rate paid or payable on part of capital, cover based on dividend on full capital. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. F Dividend and yield based on prospectus or other official estimates for 1986/7. H Dividend and Yield based on prospectus or other official estimates for 1987. L Estimated annualised dividend, cover and p/e based on latest annual earnings. R Forecast annualised dividend, cover and p/e ratio based on prospectus or other official estimates. W Pro Forma Figures. t Indicated dividends; cover relates to previous dividend; p/e ratio based on latest annual earnings. u Forecast, or estimated annualised dividend rate, cover based on previous year's earnings. ¶ Issued by tender. ‖ Offered holders of ordinary shares as a "rights." ** Issued by way of capitalisation. § Placing price. §§ Reintroduced. ¶¶ Issued in connection with reorganisation merger or takeover. ▦ Allotment price. ♦ Unlisted securities market. †† Official London listing. ‡‡ Including warrants entitlement. ‡ Placing and offer for sale price. *Third market.

APPOINTMENTS

Board changes at Pergamon

Mr Peter Laister has been appointed chief executive in charge of all the PERGAMON group interests in electronic media and broadcasting activities. He is a non-executive director of BPCC and MGN. He was formerly chairman of Thorn EMI. Mr Bryan Cowgill will relinquish his full-time post as deputy chairman of Mirror Group Newspapers from June 30. He will continue in a part-time capacity as a consultant. Mr Geoffrey Smith has been appointed director of operations responsible for the co-ordination of the groups' television, broadcast and cable interests. He was director of operations at TV-am.

★

At STRINES TEXTILES LTD Mr Malcolm E. Reeves has been appointed a director.

★

Mr Ian Murdoch has become marketing director of PHILIPS TMC. He succeeds Mr David Rogers who has been made divisional director. Mr Murdoch was business development manager for the communication terminals division of STC.

★

The council of the BRITISH INSURANCE BROKERS' ASSOCIATION has elected Mr David Palmer, chairman and chief executive of Willis Faber, as its chairman. He succeeds Mr A. V. Alexander, who has retired.

★

Mr Barrie Lawson has been appointed managing director designate of PLESSEY MAJOR SYSTEMS. He will succeed Mr Ken Lilley who is to retire in September. Mr Lawson was managing director of Timex Corporation, Dundee.

★

The DRAMBUIE LIQUEUR COMPANY has appointed a new export marketing director. He is Mr Graham Sanderson, who joins from Haig & Co where he spent four years as export director responsible for principal European markets.

★

Three senior Scottish management appointments have been made by the UNITED DISTILLERS GROUP: Mr Eddie Campbell has become director of export administration from being company secretary of the Distillers Company. Mr Charles Murray, finance director of Johnnie Walker, has been appointed director of financial services and development and Mr Iain Read, formerly managing director of J. & G. Stewart, has been appointed UDG's property manager in Scotland.

★

SHEAFFER PEN TEXTRON has appointed Ms Sue Coleman as marketing director. She previously held the position of marketing manager—White Dot, and during the last year has been head of Sheaffer Brand Marketing.

★

Mr Victor Cazalet has joined BSS INVESTMENT MANAGEMENT to head the London portfolio management team. BSSIML is the wholly-owned subsidiary in London for Banque Scandinave en Suisse, Geneva, the global investment management arm of Scandinavian Bank Group. He was previously a senior portfolio manager of international funds at Morgan Grenfell Asset Management.

★

CITICORP has appointed Mr Mervyn Greig as managing director of Citicorp British National and Citicorp Insurance Services based in Haywards Heath. Mr Greig, who was formerly business manager for the group, replaces Mr Paul Cohen.

★

Mr Roger Halliday, managing director of XYLOGICS INTERNATIONAL, has been appointed vice president of operations, Europe. He will direct all Xylogic's activities throughout the UK and Europe, adding the engineering research and development activities to his current marketing, sales, support and administration responsibilities.

★

Mr W. Campbell Allan has joined the board of CLYDE PETROLEUM following the completion of the acquisition of Bricomin Exploration Co.

★

LLOYDS BANK is merging its two regional head offices in Birmingham and the West Midlands. The new region will be called Birmingham and West Midlands, and will be headed by Mr Bryan Sayers, now regional director and general manager, West Midlands. His former counterpart in Birmingham, Mr David Drake, is to become chief executive officer of Lloyds Bank Canada.

★

Mr N. W. Eyers has been appointed chief executive of NORWICH WINTERTHUR REINSURANCE CORP and Mr J. A Gilmour, chief executive of Norwich Winterthur Overseas from September 1. They both retain their present titles of general manager in their respective companies. Mr G. C. Larn will retire as chief executive of the principal UK companies of the Norwich Winterthur group on August 31.

★

Mr Thomas Johnston has been appointed director of SCOTTISH AMICABLE. Currently managing director of Barr & Stroud, Mr Johnston is also a board member of Strathclyde Business School.

★

Dr Eric S. Blackadder, BUPA's group medical director, has been appointed to the board of governors. He joined in 1984 from the BBC where he was chief medical officer.

★

Mr James Cook, group finance director of HARRIS QUEENSWAY, will be leaving at the end of June to start his own business. Responsibility for the group finance function will be assumed by Mr Peter Davis, group deputy chairman.

★

The INVESTMENT MANAGEMENT REGULATORY ORGANISATION has appointed Sir Edward Eveleigh as president of its independent appeal tribunal. He is a former Lord Justice of Appeal.

★

Mr Peter Gordon Shaw, a director since September 1981, has been elected deputy chairman of CAMBRIDGE WATER COMPANY for the remainder of the year. Mr Nicholas Heffer, the previous deputy chairman, continues as a director. Both Mr Shaw and Mr Heffer are non-executive.

★

CHRISTIAN SALVESEN has appointed Mr W. Ronald Irving as president of Merchants Refrigerating Company in Secaucus, New Jersey, US. Merchants is a subsidiary of Salvesen. Mr Irving joined Salvesen in 1973 and in 1982 was appointed to the board of Christian Salvesen Food Services Europe as finance director.

★

MOLINS has appointed Mr J. N. Clarke as a non-executive director. He is deputy chairman and chief executive of Charter Consolidated. He is also chairman of Johnson Matthey, and a director of Anglo American Corporation of South Africa, Consolidated Gold Fields, Minerals and Resources Corporation and a number of other companies.

★

COUNTRY NATWEST has appointed the following as executive directors: Mr John Cameron, Mr David Cardale, Mr Stephen Clark, Mr Tony Cole, Mr Robert Drummond, Mr Rodney Lonsdale, Mr Nelson, Mr Roy Peters, Mr Philip Porter, Mr Peter St. George, Mr Mike Webber, Mr Nicholas Wells, and Mr Brian Winterflood. At County NatWest Investment Management the following have been appointed to the board: Mr Bruce Pullman, Mr Tony Davies, Mr John Harnett and Ms Lindsay Richardson.

★

Mr Denis Long has been appointed group financial control director of MIDLAND BANK from July 1. He is delivery systems director, UK banking.

Senior posts at Ferranti

At FERRANTI two deputy managing directors have been appointed: Dr Alan Shepherd, a main board director and managing director of Ferranti Electronics, becomes deputy managing director, operations. Mr Charles Scott, financial director, becomes deputy managing director, finance and administration. Mr Jack Pearson, a director of Ferranti Electronics succeeds Dr Shepherd as managing director of Ferranti Electronics and joins the Ferranti executive committee.

★

Mr Richard Hall has been appointed UK sales director at BOLTON BRADY.

★

DIAL CONTRACTS has appointed Mr W. J. Hamer as sales and marketing director. He was general manager, sales and marketing.

★

Mr Derek Byrne and Mr Alan Holt have been appointed directors of YORKSHIRE CHEMICALS. Mr Byrne is chief executive of the group's speciality products division. Mr Holt is chief executive of the group's Australian division based in Melbourne.

★

Mr Neil Thorneywork and Mr James J. Hope have been admitted as partners of SABIN, BACON, WHITE AND CO, stockbrokers. Mr Graham White has retired but remains a consultant. Mr Peter J. Towers becomes senior partner.

★

At LANCA Mr Chimu Gidoomal and Mr Andrew Greystoke have become directors. Mr Gidoomal is chairman of Taskhead and Mr Greystoke is chairman of City and Westminster Financial. Taskhead and City and Westminster Financial together with Fumel own 29.9 per cent of the equity of Lanca.

★

On July 1 Mr Richard Fogg will relinquish his appointment as a director of DESOUTTER BROTHERS (HOLDINGS) but continue as a non-executive director. Mr Michael Barnard, joint managing director, will take over as managing director and Mr Richard Bromage becomes finance director and company secretary. Mr Bromage is finance director of Desoutter Ltd., the principal operating subsidiary.

★

Mr Richard Tomalin has been appointed company secretary of W. S. ATKINS. He succeeds Mr Roger Umney who becomes managing director of Atkins Holdings. Mr Tomalin joined W. S. Atkins in 1977 as assistant company secretary and has been closely involved with the pension and insurance matters of the company, as manager of the department.

★

Mr D. H. L. Hopkinson is to resign as chairman and as a director of RAEBURN INVESTMENT TRUST following his retirement from M & G and appointment as High Sheriff of West Sussex. Mr Peter Grant has been appointed a director and chairman. Mr Grant is chairman of Sun Life Assurance Company and a deputy chairman of Lazard Brothers.

★

Mr I. K. Wright has been appointed a director of F. & C. PACIFIC INVESTMENT TRUST.

★

Mr David Craft and Mr Malcolm Munro-Kerr have been appointed assistant directors at STANDARD CHARTERED MERCHANT BANK from July 1.

★

THORN EMI Computer Software (TECS) has appointed Mr Hedley Rees-Evans as UK divisional director. Mr Rees-Evans, who joined TECS in 1983, now has profit responsibility for all activities in the UK.

The Investment Trust Table

The figures in the columns below are based on information supplied by the companies named, which are members of The Association of Investment Trust Companies. The figures are unaudited.

Columns 1–6: as at close of business on Monday 22nd June 1987. Columns 7–12: as at 31st May 1987.

Total Net Assets (1) £ million	INVESTMENT POLICY Trust (2)	Management (3)	Share Price (4) pence	Yield (5) %	Net Asset Value (6) pence	Geographical Spread: UK (7) %	Nth. Amer. (8) %	Japan (9) %	Other (10) %	Gearing Factor (11) base=100	Total Return on N.A.V. over 5 years to 31.5.87 (12) base=100
	CAPITAL & INCOME GROWTH										
633	Alliance Trust	Independently managed	965	3.5	1248	46	41	8	5	88	327
179	Bankers	Touche, Remnant	87	2.4	103	44	28	11	17	107	395
458	British Investment	Independently managed	623	3.7	749	55	19	24	2	91	328
123	Brunner	Kleinwort Grieveson	134	2.7	170	57	27	2	14	103	346
785	Edinburgh Investment (w)	Dunedin Fund Managers	192	2.7	245	61	17	8	14	104	362
1034	Foreign and Colonial	Foreign & Colonial	136	1.7	165	42	26	15	17	106	395
1321	Globe	Electra House Group	182	3.1	209	75	12	10	3	102	371
546	Govett Strategic	John Govett	368	1.4	443	55	8	8	29	127	406
16	Jos Holdings	Kleinwort Grieveson	196	2.3	221	91	4	–	5	100	390
73	Keystone	Mercury Warburg Inv. Man.	393	1.9	447	67	24	–	9	104	†
140	Kleinwort Charter	Kleinwort Grieveson	139	2.7	175	74	14	6	6	98	360
76	Meldrum	Gartmore	170	2.4	191	95	4	–	1	102	411
69	River Plate & General (w) △	Tarbutt & Co.	386	3.2	421	76	11	1	12	94	328
65	S. & P. Ret. of Assets (w) △	Save & Prosper Group	206	2.4	279	87	13	–	–	127	†
683	Scottish Mortgage	Baillie, Gifford	137	10.0	173	49	20	12	19	114	404
339	Scottish National	Gartmore (Scotland)	408	1.9	482	58	24	9	9	102	339
214	Second Alliance	Independently managed	876	3.0	1107	47	41	8	4	91	333
760	TR Industrial & General	Touche, Remnant	143	2.1	170	58	20	11	11	102	328
730	Witan (w)	Henderson	151	1.8	188	62	17	11	10	103	423
	United Kingdom										
20	City of Oxford	Hambros Bank	89	2.7	95	100	–	–	–	99	369
64	Fleming Claverhouse	Robert Fleming	278	2.8	324	100	–	–	–	101	407
75	Shires (w)	Stanecastle Assets	242	8.3	267	88■	6	–	6	70	242
202	TR City of London	Touche, Remnant	85	3.5	99	91	9	–	–	103	405
166	Temple Bar	Guinness Mahon Inv. Man.	251	3.4	290	99	1	–	–	107	435
	CAPITAL GROWTH										
	General										
360	Anglo & Overseas	Morgan Grenfell	484	2.0	629	42	22	25	11	98	353
201	Atlantic Assets	Ivory & Sime	126	0.7	163	31	67	–	2	101	224
130	Electric & General	Henderson	580	1.1	680	59	22	7	12	105	439
46	Greenfriar (w)	Henderson	458	0.6	507	65	9	2	24	109	499
19	Unitycorp Trust (w)	APA Ifico Inv. Man.	111	3.3	135	100	–	–	–	100	†
	International										
118	Berry	GT Management	318	0.5	366	61	16	4	19	97	376
3	Child Health (w) △	Thornton & Co.	55	0.0	64	28	15	2	55	126	395
122	English & Scottish	Gartmore	127	1.7*	151	44	15	8	33	103	366
41	F & C Eurotrust	Foreign & Colonial	266	1.0	281	9	–	–	91	107	444
323	Fleming Overseas	Robert Fleming	189	1.4	245	9	47	18	26	98	336
144	Fleming Universal	Robert Fleming	172	1.2	219	16	46	15	23	101	306
23	Gartmore European (w)	Gartmore	378	0.7	422	20	6	–	74	106	300
73	Gartmore Inform. & Fin. (w)	Gartmore	64	2.4	75	71	25	–	4	106	225
9	German Securities (w)	Liechtenstein (UK)	113	0.9	122	–	–	–	100■	35	†
210	Hambros (w)	Hambros Bank	260	2.6	330	59	28	5	8	107	307
177	Kleinwort Overseas	Kleinwort Grieveson	164	2.1	201	10	38	11	41	99	325
14	Mid Wynd International	Baillie, Gifford	233	1.5	274	29	26	12	33	92	420
286	Monks	Baillie, Gifford	266	1.4	343	43	23	10	24	109	347
146	Murray Smaller Markets	Murray Johnstone	209	1.0*	242	19	11	16	54	103	466
13	Nordic △	GT Management	70	0.4	79	3■	–	–	97	118	†
99	North Atlantic Securities △	Morgan Grenfell	398	1.2	516	–	36	40	24	95	322
208	Northern American	Dunedin Fund Managers	442	1.7	578	28	25	18	29	100	329
39	Northern Securities	GT Management	324	1.1	362	66	16	5	13	105	371
14	Paribas French	Paribas Asset Man.	88	0.0	90	–	–	–	100	90	†
148	Romney	Lazard Brothers	425	1.6	509	13	36	31	20	99	322
115	Schroder Global	Schroder Inv. Man.	254	2.3	321	37	33	12	18	98	306
483	Scottish Eastern	Martin Currie Inv. Man.	162	1.9	198	66	8	13	13	118	369
574	Scottish Inv. Trust (w)	Independently managed	464	2.0	581	40	27	13	20	107	335
22	Stratton Inv. Trust	Baring Inv. Man.	126	0.3	152	55	20	12	13	114	†
131	Tribune	Baring Inv. Man.	202	2.3	240	49	24	13	14	100	365
	North America										
169	American	Edinburgh Fund Mgrs.	162	2.8	199	26	74	–	–	99	249
178	Edinburgh Amer. Assets	Ivory & Sime	122	0.7*	153	21■	75	2	2	125	254
160	Fleming American	Robert Fleming	151	1.4	192	2	98	–	–	98	244
41	Gartmore American Secs.	Gartmore	174	1.1	209	20	80	–	–	106	332
175	Govett Atlantic	John Govett	169	2.4	208	12	87	–	1	103	239
89	TR North America	Touche, Remnant	114	2.4	136	6	94	–	–	92	246
	Far East										
9	Australia (w) △	Clayton Robard (UK)	133	1.0	168	–	–	–	100	99	†
60	Drayton Far Eastern (w)	MIM	264	0.6	324	2	–	50	48	102	461
212	F & C Pacific (w)	Foreign & Colonial	135	2.0	172	4	20	48	28	107	364
370	Fleming Far Eastern	Robert Fleming	178	0.6	242	1	–	64	35	100	479
433	Govett Oriental	John Govett	308	1.0	433	4	–	56	40	116	489
29	Martin Currie Pacific (w)	Martin Currie Inv. Man.	197	0.2	214	14	–	77	9	111	†
24	Pacific Assets (w)	Ivory & Sime	166	0.6	156	6■	–	–	94	114	†
49	TR Australia (w)	Touche, Remnant	133	2.4	157	1	–	–	99	100	261
237	TR Pacific Basin (w)	Touche, Remnant	247	0.6	313	2	–	59	39	98	477
	Japan										
54	Baillie Gifford Japan (w) △	Baillie, Gifford	402	0.1	520	–	–	100	–	92	623
14	Baillie Gifford Shin Nipp. (w)	Baillie, Gifford	67	0.4	84	–	–	100	–	97	†
127	Crescent Japan	Edinburgh Fund Mgrs.	154	0.1	194	–	–	100	–	95	651
304	Drayton Japan	MIM	803	0.2	1085	4	–	96	–	101	522
191	Fleming Japanese	Robert Fleming	183	0.5	237	2	–	98	–	99	507
111	GT Japan	GT Management	281	0.7	350	12■	1	86	1	99	572
100	Japan Assets (w)	Ivory & Sime	68	0.1	85	36■	–	64	–	89	424
79	New Tokyo (w)	Edinburgh Fund Mgrs.	134	0.1	180	1	–	99	–	91	525
	Commodities & Energy										
9	New Darien (w)	Hodgson Martin	81	1.2	94	30	63	–	7	112	124
81	Precious Metals △	J. Rothschild	214	0.4	259	9■	58	–	33	89	368
118	TR Natural Resources	Touche, Remnant	167	3.4	199	35	29	–	36	98	201
	Technology										
11	Baillie Gifford Tech. (w)	Baillie, Gifford	87	0.3	109	42	49	6	3	87	†
104	Fleming Technology	Robert Fleming	200	0.4	257	42	41	13	4	101	247
92	Independant	Ivory & Sime	255	0.4	329	27	67	–	6	98	213
419	TR Technology	Touche, Remnant	79	3.3	92	39	47	8	6	104	288
	INCOME GROWTH										
506	British Assets	Ivory & Sime	82	3.8	102	64	30	–	6	110	370
204	First Scottish American	Dunedin Fund Managers	497	3.3	579	96	3	–	1	111	374
93	General Consolidated △	Independently managed	416	4.3	493	73	24	–	3	90	350
298	Investors Capital Trust	Ivory & Sime	396	4.4	469	100	–	–	–	99	†
55	Lowland	Henderson	219	2.4	222	90	3	–	7	105	614
216	Merchants	Kleinwort Grieveson	175	4.2	209	80	15	–	5	95	340
235	Murray Income	Murray Johnstone	217	3.8*	255	78	9	–	13	105	434
322	Murray International	Murray Johnstone	202	3.7*	255	50	26	13	11	94	359
175	Raeburn	Lazard Brothers	531	3.5	642	66	22	9	3	95	308
260	Securities Trust of Scotland	Martin Currie Inv. Man.	121	3.4	147	61	21	9	9	107	416
	SMALLER COMPANIES										
18	Continental Assets (w)	Ivory & Sime	132	1.1	140	–	–	–	100	94	†
65	Dundee & London	Dunedin Fund Managers	327	2.6	406	86	11	2	1	95	337
78	English & International (w)	MIM	253	2.3	288	68	19	10	3	104	419
99	F & C Alliance	Foreign & Colonial	162	1.7	194	48	23	14	15	104	325
14	First Charlotte	Ivory & Sime	18	3.7	19	97	–	3	–	101	239
34	Fleming Fledgeling	Robert Fleming	226	1.5	270	77	21	2	–	99	331
23	Kleinwort Smaller Cos.	Kleinwort Grieveson	630	2.0	573	99	1	–	–	99	480
44	London Atlantic	Investors in Industry	296	3.4	380	76	10	–	14	96	344
48•	London & Strathclyde	Gartmore	245	1.7	310	74	23	1	2	101	358
33	Moorgate	Independently managed	630	3.4	700	94	1	–	5	91	442
30	North British Canadian	Investors in Industry	383	2.7	479	96	3	–	1	101	381
86	St Andrew	Martin Currie Inv. Man.	201	2.4	246	68	16	10	6	98	378
283	Scottish American	Stewart, Ivory	102	2.7	125	56	26	9	9	101	296
65	Smaller Companies Int.	Edinburgh Fund Mgrs.	120	1.1	147	80	9	11	–	106	384
24	Strata Investments (w) △	Henderson	143	0.5	161	48	20	11	21	98	†
304	TR Trustees Corp.	Touche, Remnant	132	2.2	156	72	21	7	–	108	336
362	Throgmorton (w)	Throgmorton Inv. Man.	487	2.7	552	99	1	–	–	113	432
	SPECIAL FEATURES										
102	Ailsa △	J. Rothschild	171	2.0	196	58	24	9	9	89	379
24	Consolidated Venture (w)	MIM	212	0.1	215	28	72	–	–	98	337
221	Drayton Consolidated	MIM	498	3.0	636	76	16	5	3	92	291
318	Ensign Trust	Merchant Navy Inv. Man.	87	1.6	90	73	20	1	6	118	†
65	Fleming Enterprise	Robert Fleming	528	2.3	604	100	–	–	–	108	412
405	Fleming Mercantile	Robert Fleming	208	2.5	253	73	23	1	3	79	336
27	GT Global Recovery △	GT Management	249	1.7	256	71	19	4	6	101	330
15	Kleinwort Development	Kleinwort Grieveson	225	–	256	100	–	–	–	80	†
88	London Trust (w)	Hambrecht & Quist	74	1.4	93	21	79	–	–	104	†
71•	Murray Ventures (w)	Murray Johnstone	273	2.5	305	80	6	6	8	90	387
166	TR Property	Touche, Remnant	109	1.8	125	74	7	8	11	101	368
34	Throgmorton USM (w) △	Throgmorton Inv. Man.	154	1.4	171	99	1	–	–	105	†
25	Value and Income (w)	Stewart OLIM	62	2.8	60	99	1	–	–	126	†
	SPLIT CAPITAL (x)										
60	City & Commercial 88/93	MIM	1278	–	1556	81	10	8	1	106	416
47	Fundinvest 85/90	MIM	592	–	686	78	11	9	2	105	395
3	Marine Adventure 88	Thornton & Co.	373	–	447	37	13	2	48	140	444
68	New Throg. (1983) (w) 08	Throgmorton Inv. Man.	151	–	248	99	1	–	–	125	†
131	River & Merc. Trust (w) 00	River & Merc. Inv. Man.	116	–	237	70	29	–	1	95	†
56	S. & P. Linked 95/97	Save & Prosper Group	725	–	1057	100	–	–	–	111	511
35	Throgmorton Dual △	Throgmorton Inv. Man.	450	–	798	–	–	–	–	–	†
137	Triplevest 87/91	MIM	1693	–	1980	91	8	1	–	106	370

NOTES TO THE TABLE

- † No data.
- * Applies to Ordinary/"A" Ordinary only.
- ■ More than one quarter in non-equity investments.
- (x) Capital shares and winding-up dates.
- z Incorporates recent revaluation of unlisted investments.
- ac Adjusted for scrip issue.
- ar Adjusted for rights issue.
- (q) Published quarterly.
- (w) Company has warrants or options in issue.
- • More than 20% in securities or other assets included at directors' valuation.
- △ The Trust has provisions for a limited life. Please refer to the company for further information.
- n Figures not directly comparable with previous month.

Cols. 1, 4 to 6 Figures supplied by Wood Mackenzie & Co. Ltd. members of The Stock Exchange. The figures in Cols 1&6 are simulated to date shown based on latest valuation supplied by the companies and made available to The Stock Exchange.

Col. 11 The gearing factor indicates the percentage amount by which the net asset value per share would rise if the value of the equity assets increased by 100 per cent.

AITC Additional explanatory notes are available on request from The Secretary, The Association of Investment Trust Companies, Park House (6th Floor), 16 Finsbury Circus, London EC2M 7JJ. Tel: 01-588 5347.

INDICES OF FIVE YEAR TOTAL RETURN

+ Investment Trust Average	378
F.T.-Actuaries All-Share	381
* Standard & Poors Composite	332
* Tokyo New Stock Exchange	752
* Morgan Stanley Cap. Int. World	432

+ Excludes split capital.
* Adjusted for exchange rate changes.

INTL: COMPANIES and FINANCE

Holmen acquires local tissue rival

BY KEVIN DONE, NORDIC CORRESPONDENT IN STOCKHOLM

HOLMEN, the Swedish forest products group and Europe's largest newsprint producer, is expanding its presence in the European tissue paper and hygiene products market through the takeover of one of its main domestic rivals, MoDo Konsumentprodukter.

The acquisition, understood to be worth in the region of SKr 550m ($86m), will take Holmen the largest Scandinavian tissue paper producer and the third largest in Europe after Scott Paper of the US and PWA of West Germany, with an annual capacity of some 200,000 tonnes.

At the same time the cash deal appears to have blocked MoDo's ambitious plans to form a new third force with Iggesund, its 49 per cent-owned affiliate, and Holmen, in which Iggesund controls 15.2 per cent of the votes, to challenge the Swedish pulp and paper industry leaders Stora and Svenska Cellulosa.

MoDo had tried to negotiate the sale of its tissue paper division in exchange for Holmen shares, but the move was blocked by Holmen's two main shareholders, Tidnings AB Marieberg, majority-owned by the Bonnier newspaper and publishing group, and Ratos, the investment company.

Holmen has been expanding rapidly during the last two years with the acquisition in 1986 of Fiskeby, a smaller Swedish forest products group specialising in hygiene products, and earlier this year the purchase of a 25.1 per cent stake in MD Papierfabriken Heinrich Nicholaus of West Germany, one of Europe's biggest producers of lightweight coated paper.

Its takeover of MoDo Konsumentproduker will more than double its tissue paper and hygiene products operations to an expected turnover this year of SKr 2.5bn

The MoDo operations include production plants in Sweden, Chester in the UK and Stembert in Belgium and sales forces in Sweden, Denmark, Norway, the UK, Belgium, France and the Netherlands.

The takeover is part of a continuing restructuring of the European tissue paper market. MoDo, which is chiefly a producer of pulp and fine paper, has suffered several years of poor profitability in the sector.

According to Mr Bernt Öf, MoDo managing director: "The West European tissue paper industry requires extensive restructuring . . . In order to attain satisfactory long-term profitability a company should be one of the three or four largest in Western Europe."

Mr Christer Zetterberg, Holmen chief executive, said the tissue paper sector was suffering from some overcapacity and that it would take several years to raise profitability to a satisfactory level.

Counter offer for Coats Australian offshoot

BY GORDON CRAMB

COATS VIYELLA, the British textiles group, was last night maintaining on open view on the future of Bonds Coats Patons, its 54.4 per cent owned New South Wales offshoot, as a rival Australian bid proposal emerged which values the subsidiary at some A$239.4m (US$172.4m).

Linter and Entrad, two domestic textile producers which the previous day unveiled an 11 per cent stake in Bonds Coats, announced plans for a conditional A$6.20 per share offer through a joint venture called Telugu.

This challenges a A$5.75 a share bid which came five weeks ago from Pacific Dunlop, the Melbourne cables to condoms group.

Linter is run by Mr Basil Sellers, who recently also became chairman of the Gestetner reprographics group in the UK. A year ago Linter merged its National Textiles operations with Entrad.

Pacific Dunlop had made its offer conditional on the UK parent first purchasing Bonds Coats's thread and hand knitting businesses. This is due to be voted on by shareholders next Tuesday, but Telugu yesterday insisted that its own bid would not proceed unless the meeting is adjourned.

Mr David Alliance, Coats Viyella chief executive, said in London: "This new offer has just been put on the table and we have not as yet had the view of the local board."

Directors of Bonds Coats had described the Pacific Dunlop offer as reasonable, recommending acceptance in the absence of a higher bid. Telegu stressed that it was not opposed in principle to the sale of the Sirdar and other Australian wool and thread lines to the parent.

Arbed output falls—sees loss

BY WILLIAM DAWKINS IN BRUSSELS

ARBED, the Luxembourg-based steelmaker, yesterday revealed a sharp decline in output for the first five months of the year and predicted that it will make a loss for 1987.

Mr Georges Faber, group president, said the workforce will be cut by 2,300 over the next three years as part of a restructuring scheme to reduce operating costs by LFr 2bn ($52.7m).

This comes on top of a more than halving in the workforce over the past decade to the present figure of 13,000 and is slightly higher than the job cuts outlined by Arbed earlier in the year. Mr Faber confirmed that there would be no compulsory redundancies.

Group output in the first five months fell by 11.4 per cent from the comparable period in 1986 to 2.9m tonnes. That is almost twice the rate of decline last year, when net profits fell from LFr 1.12bn to LFr 890m.

The latest fall in output is partly a result of Arbed's policy of refusing to sell at a loss in markets where demand is weak. Prices have fallen since the turn of the year by between 10 per cent and 30 per cent, as a result of which revenues had fallen sharply, said Mr Faber.

Arbed is a leading member of Eurofer, the group of EC steelmakers in the throes of negotiating with the European Commission over a replacement for the system of price and production controls

Court rules on 20-year dispute with CanPac

By Robert Gibbens in Montreal

THE SUPREME COURT of Canada has settled 20 years of litigation by minority shareholders of the Ontario and Quebec Railway Company, a Canadian Pacific Limited subsidiary which has owned the rail corridor from Montreal to central Ontario and leased it to CP for the rail right-of-way.

The possibility of compensation to the offshoot's minority shareholders had driven the subsidiary's shares to around C$17,000 each onth e over-the-counter market, but after an adverse Supreme Court decision they plummeted to C$100 bid.

A Toronto stockbroker and a pension fund, longstanding stockholders of the subsidiary, had been trying to show that Canadian Pacific had no right to sell the subsidiary's surplus land in the corridor without compensation to it and its minority shareholders.

The Supreme Court has now ruled that Canadian Pacific had the power to sell the surplus land under the terms of the original 1884 lease or by the 1891 CP Act without authorisation of the subsidiary's directors.

The court found that the CP offshoot is not entitled to compensation for the loss of its reversionary interests

Japanese banks' profits leap

BY YOKO SHIBATA IN TOKYO

COMBINED pre-tax profits of Japan's 87 commercial banks jumped 40.8 per cent in the year to March to reach Y3,216.3bn ($22bn), according to figures from the Federation of Bankers Associations of Japan yesterday.

The 13 city or commercial banks boosted their combined profitse by 39.9 per cent. The 64 regional banks showed an advance of 19.2 per cent, the seven trust banks 81.1 per cent, and the three long-term credit banks 41.2 per cent.

Deposits, lending and investment in negotiable securities rose faster at overseas offices, giving weight to US and European wariness of Japanese financial institutions' growing presence in markets abroad.

Their deposits at home gained 13.8 per cent, compared with 16.4 per cent abroad, while domestic lending expanded 13.5 per cent, compared with 17.2 per cent overseas.

Investment in domestic securities rose 16.8 per cent, nearly matching a 17 per cent growth in investment in foreign securities. If the 23 per cent appreciation in the yen's value against the dollar is taken into account, however, the increase in overseas business would come to around 40 per cent, officials said.

In a separate survey conducted by the Bank of Japan, the country's central bank, dometsic lending by commercial banks advanced by 9.5 per cent to Y273,300bn.

This stemmed from growth in loans to property companies, up 36.2 per cent to Y30,200bn. Lending to the manufacturing sector declined by 2.3 per cent, the first fall since the Second World War.

Asea unit in SKr300m takeover

BY KEVIN DONE, NORDIC CORRESPONDENT IN STOCKHOLM

FLÄKT, the Swedish environmental control company 50.4 per cent-owned by Asea, the Swedish electrical engineering group, is to take over Bahco Ventilation, its main domestic rival in indoor climate control system.

The deal is understood to be worth in the region of SKr 300m ($47m).

Bahco Ventilation is currently owned by Promotion, a Swedish investment company. It has annual sales of around SKr 1.3bn and a workforce of 2,100 with production plants in Sweden, Finland and France. Its operations are concentrated on contracting within the air-conditioning and ventilation field.

The company suffered a severe setback last year, when profits, after financial items, fell to SKr 2.1m from SKr 32.2m a year earlier, but earnings are forecast to recover in 1987.

Mr Björn Stigson, Fläkt chief executive, said the acquisition would strengthen the group's position as a leading world supplier of air handling equipment, indoor climate systems and air pollution control technology.

The increased business volume would enable the group to rationalise product development, manufacturing and marketing, he said. Bahco Ventilation will continue as an independent company within the Fläkt group under its current management.

Fläkt had a turnover last year of SKr 10.25bn and operating profits of SKr 256m.

French water group buys 38% of Macao utility

By David Dodwell in Hong Kong

A JOINT venture subsidiary of Lyonnaise des Eaux, the French utilities group, has agreed to acquire up to 38 per cent of Companhia de Electricidade de Macau (CEM), the electricity supply company for the Portuguese territory.

The deal is the second sealed in Macao by Lyonnaise des Eaux. In 1985, it acquired an 85 per cent holding in the territory's water company, known as SAAM. Lyonnaise des Eaux yesterday refused to disclose how much has been paid for its latest investment.

CEM is 60 per cent held by the Macao Government. The purchase of up to 38 per cent will be made by Sino-French Energy Development Company. This is controlled jointly by Lyonnaise des Eaux and Chow Tai Fook Enterprises, a company controlled by Mr Cheng Yutong, head of Hong Kong's New World group, which has interests ranging from hotel management and property investment to civil construction and trading.

CEM has an exclusive franchise from the Macao Government to generate, import and sell electricity in the 400,000-strong territory up to the year 2010. Last year it sold electricity worth 500m patacas ($62.2m).

Brierley seeks Canada holding

By Our Montreal Correspondnet

MR RON BRIERLEY, the New Zealand financier, and chairman of Industrial Equity, the Sydney-based conglomerate, is seeking control of Javelin, a Canadian mining company in partnership with Korean-Canadian investors.

Mr Brierley's group now has 16 per cent of Javelin and if certain options are exercised over the next year or so, this could rise to majority control.

Javelin generates income from royalties on iron ore production in Labrador and oil and gas production in Western Canada. First-quarter profit was C$251,000 (US$189,000).

The Brierley Group said it wants to use Javelin to hold investments in the resource, commercial and industrial sectors in Canada.

IBM reshapes Telecom operations in Europe

BY TERRY DODSWORTH, INDUSTRIAL EDITOR

IBM EUROPE, the European subsidiary of International Business Machines, is reorganising its telecommunications activities to give the main operating group greater control over the switching business.

Under the new structure, the telecommunications subsidiary, renamed the Integrated Services Switching System, will report directly to IBM Europe officials. The telephone division currently has a direct reporting line to Rolm, the telephone exchange manufacturer acquired by IBM in 1984.

IBM described the new organisation as a further step in the evolution of the group's telecommunications activities.

Rolm, a wholly-owned subsidiary would continue to have worldwide responsibility for product development and manufacturing of the Rolm telecommunications product line, it added.

At present there is scarcely any Rolm equipment on sale in the European market, but the telecommunications division is working on a number of future products for the region. Development and manufacturing for the switching business will be conducted at IBM UK's facility at Havant in Hampshire, the site of the existing Rolm plant.

The new organisation will be directed by Mr Frank Onians, a vice president of Rolm US, who becomes vice president of ISSS IBM Europe.

Branded cigarettes give lift to Rembrandt

BY JIM JONES IN JOHANNESBURG

REMBRANDT, the South African tobacco, liquor and financial conglomerate, increased pre-tax profit by 26 per cent to R494.1m ($242.1m) in the year to March despite adverse exchange rate movements.

Although turnover was not disclosed, much of the group's recent growth has been founded on a swing towards branded cigarettes, which more than offset falling or stagnant sales in developed countries where there is greater awareness of the health hazards of smoking. Rembrandt has about four-fifths of the South African cigarette market.

Rembrandt recently increased its penetration of South Africa's financial services market when Volkskas, its 30 per cent-owned associate which is South Africa's fourth largest bank, agreed a share exchange with United Building Society (UBS), the country's largest.

The share exchange diluted Rembrand's interest in Volkskas to 21.5 per cent and gave UBS a 30 per cent interest. This week, however, Rembrandt paid R32.5m to buy 1.78m Volkskas shares through the Johannesburg Stock Exchange.

The purchase lifted Rembrandt's holding in Volkskas to 25.4 per cent and Johannesburg stockbrokers believe that additional purchases are planned to restore Rembrandt's interest to the 30 per cent legal maximum and to match UBS's holding.

In another development, Volkskas has altered its articles of association to give one vote to each share. Previously no shareholder could have more than seven voting rights. The new arrangement, designed for the benefit of UBS, will also give Rembrandt greater influence over Volkskas business development.

Rembrandt's net earnings increased to 106.1 cents a share, from 73.2 cents, and the year's dividend has been raised to 12.5 cents from 10 cents.

COMMODITIES AND AGRICULTURE

WEEKLY PRICE CHANGES

	Latest prices per tonne unless stated	Ch'nge on week	Year ago	1987 High	1987 Low
METALS					
Aluminium Free Market c.i.f.	$1545/665	—50	$1245/265	$1620/1840	$1285/1225
Antimony Free Market 99.6%	$2300/2550	—	$2400/2500	$2400/2500	$2250/2390
Copper-Cash Grade A	£993	+27.5	£874.5	£994	£870.25
3 months Grade A	£981.5	+26	£808.75	£981.5	£849.5
Gold per oz	$444	—5.5	$344	$475	$390.25
Lead Cash	£392.75	+17.25	£264.5	£445	£283.75
3 months	£375.25	+18	£256.5	£387.25	£290.75
Nickel Free market	200/220c	—6	183/203c	214/234c	166/177c
Palladium	$137.00	—2.5	$110.85	$161.00	$117.15
Platinium per oz	$559.50	—19	$438.80	$646.50	$476.75
Quicksilver (76lbs)	$240/250	—	$210/220	$270/280	$150/160
Silver per oz	421.50p	—39.50	331.45p	653.60p	344.40p
3 months per oz	430.80p	—40.40	338.95p	668.20p	352.70p
Tin Free market	£4,140/180	+5	£3590/610	£4,810/640	£4,080/160
Tungsten Ind.	$59.15	—	$52.73	$58.16	$41.44
Wolfram (22.04 lbs)	$48/55	—	$42/50	$50.55	$53.42
Zinc cash	£530.5	+6	£526.5	£567	£448.5
3 months	£515.25	+8.75	£532.25	£550.5	£448
Producers	$860	—	$840	$870	$770/790
GRAINS					
Barley Futures Sept.	£95.30	—0.70	£98.65	£118.55	£95.30
Maize French	£136.00	—	£134.00	£158.00	£142.00
WHEAT Futures Sept.	£98.75	—0.50	£99.75	£125.50	£93.75
SPICES					
Cloves	$3400	—	$4600	$3,800	$3,300
Pepper white	$5400	—	$5300	$6,400	$4,900
black	$4600	—	$4000	$4,900	$4,200
OILS					
Coconut (Philippines)	$530w	—	$245	$530	$330
Palm Malayan	‡	—	‡	$390	$300
SEEDS					
Copra (Philippines)	$295y	—	$170	$300	$280
Soyabeans (U.S.)	$155.5z	—	$152	$162.5	$133.5
OTHER COMMODITIES					
Cocoa Futures Sept	£1315.5	+55.5	£1274.5	£1,439.5	£1,219.5
Coffee Futures Sept.	£1257.5	+1	£1684.5	£1655.5	£1,244
Cotton Outlook A index	79.70c	—1.55	39.20c	82.25c	62.65c
Gas Oil Fut. Aug.	$157.5	—1	$116	$168	$125.5
Jute LJA BWC grade	$380	—	$245	$380	$280
Rubber kilo	65p	+2.75	58p	67.25p	60p
Sisal No. 3L	$610	—	$620	$610	$610
Sugar (Raw)	$172.2x	+0.8	144.5p	$204	$159.5
Tea (quality) kilo	148p	+6	190p	180p	140p
(low med) kilo	50p	—2	92p	111p	50p
Wooltops 64s Super	472p kilo	+5	411p kilo	485p kilo	416p kilo

‡ Unquoted. (v) July. (z) June/July. (x) July/Aug. (y) Aug. (w) Sept/Oct.

ALUMINIUM

99.7% purity	Unofficial (close p.m.) $ per tonne	+ or —	High/Low
Cash	—	—	—
3 months	1547-9	—3	1545

Officials closing (am): Cash ( ). three months 1546-7 (1552-5), settlement ( ). Final Kerb close: 1545. Ring turnover: 400 tonnes.

99.5% purity	£ per tonne		
Cash	896-8	—2	—
3 months	864-5	—5	887.5-851

Official closing (am): Cash 892.5-3 (900.5-1), three months 822-2.5 (891-1.5), settlement 893 (901). Final Kerb close: 887.5-88. Ring turnover: 29,025 tonnes.

COPPER

Grade A	Unoffic'l close £ per tonne	+ or —	High/Low
Cash	992.5-3.5	—1	995/994
3 months	981-2	+6	983/975

Official closing (am): Cash 993.5-4.5 (984.5-5.5), three months 978-9 (964-5), settlement 994.5 (985.5). Final Kerb close: 983-4.

Standard			
Cash	984-9	+5	—
3 months	968-5	+4	—

Official closing (am): Cash 985-90 (970-5), three months 960-3 (948-53), settlement 990 (975). US Producer prices 74-78.5 cents per lb. Total Ring turnover 37,275 tonnes.

LEAD

	Unofficial close (p.m.) £ per tonne	+ or —	High/Low
Cash	392.5-3	+7.25	395/392.5
3 months	375-5.5	+8.25	378/373

Official closing (am): Cash 393-4 (388.5-90), three months 376-6.5 (370-1), settlement 394 (390). Final Kerb close: 375-6. Ring turnover 7,000 tonnes. US Spot: 34-37 cents per lb.

NICKEL

	Unofficial close (p.m.) £per tonne	+ or —	High/Low
Cash	2750-6	+12.5	2758/2740
3 months	2795-800	+15	2806/2775

Official closing (am): Cash 2735-40 (2735-40), three months 2770-5 (2778-81), settlement 2740 (2740). Final Kerb close: 2795-800. Ring turnover 2,148 tonnes.

ZINC

High grade	Unofficial close (p.m.) £ per tonne	+ or —	High/Low
Cash	530-1	—4.5	535/533
3 months	516-6.5	—4.25	516/512

Official closing (am): Cash 532-3 (532-4), three months 517-8 (518-9), settlement 533 (534). Final Kerb close: 518-9. Ring turnover: 19,300 tonnes. US Prime Western: 47.5-48.5 cents per lb.

LONDON METAL EXCHANGE TRADED OPTIONS

	Strike Price $/tonne	Calls Nov.	Puts Nov.
Aluminium 99.7%	—	—	—
	—	—	—
	—	—	—

	Strike Price	Calls July	Calls Sept.	Puts July	Puts Sept.
Aluminium 99.5%	1,400	—	—	4½	35½
	1,485	52	54½	18	37½
	1,450	18½	24	—	—
Copper (Grade A)	1,550	—	—	10½	58
	1,575	43	47	17½	44½
	1,600	28½	36	—	—
Copper (Grade A) £/tonne	975	—	—	9	23
	1,000	12½	15	20½	36½
	1,025	6½	10½	—	—

Estimates.

SILVER

Silver was fixed 1.55p an ounce lower for spot delivery in the London bullion market yesterday at 421.3p. US cent equivalents of the fixing levels were: spot 681.0c, down 2.1c; three-month 693.2c, down 2.1c; six-month 705.7c, down 2.05c; and 12-month 731.2c, down 2.25c. The metal opened at 421½-423½p (682-685c) and closed at 429-431p (692-695c).

SILVER per troy oz	Bullion Fixing price	+ or —	L.M.E. p.m. Unoff'cl	+ or —
Spot	421.30p	—1.55	428.5p	+3.5
3 months	430.80p	—1.55	438p	+4.0
6 months	440.15p	—1.55	—	—
12 months	458.80p	—1.55	—	—

LME—Turnover: 10 (2) lots of 10,000 oz.

Three months final kerb 437-40p.

TIN

KUALA LUMPUR TIN MARKET: Close 18.49 (18.51) ringgit per kg. Down 0.02 ringgit per kg.

GOLD

GOLD BULLION (fine ounce)	June 26	
Close	$443¼-444¼	(£275-275½)
Opening	$441-441½	(£272¾-273¼)
M'n'g fix	$441.40	(£273.482)
Aft'n'n fix	$444.10	(£275.070)
Day's high	$444½-446	—
Day's low	$440¾-441¼	—

GOLD AND PLATINUM COINS		
Am Eagle	$455-460	(£282¼-285¼)
Mapleleaf	$455½-456½	(£282¼-284¼)
Kr'g'r'nd	$443-446	(£274¾-276½)
½ Krug	$230-231	(£142¾-143¼)
¼ Krug	$116-117	(£71¾-72½)
Angel	$453-456	(£280¾-282¾)
1/10 Angel	$43¼-48¾	(£27¼-30¼)
New Sov.	$103½-104½	(£64¼-64¾)
Old Sov.	$103¼-105	(£64¼-65¼)
Noble Plat	$563-573	(£349¼-355¼)

INDICES

REUTERS

June 26	June 25	M'th ago	Year ago
1614.2	1614.0	1626.4	1452.8

(Base: September 18 1931=100)

DOW JONES

Dow Jones	June 25	June 24	M'th ago	Year ago
Spot	126.40	125.86	—	107.80
Fut	124.07	124.16	—	113.21

(Base: December 31 1974=100)

COFFEE

Robustas once again found support just above contract lows, reports Drexel Burnham Lambert. In moderate volume early commission house selling was easily absorbed by the trade. A steady New York market prompted further gains.

COFFEE	Yesterday close	+ or —	Business done
July	1228-1233	—0.5	1234-1210
Sept.	1257-1259	+5.0	1258-1235
Nov.	1275-1278	—8.3	1281-1256
Jan	1297-1300	+3.0	1302-1280
Mar.	1319-1324	+5.0	1315-1303
May	1330-1340	—5.0	1330-1324
July	1340-1380	—	—

Sales: 3,060 (2,176) lots of 5 tonnes.

ICO indicator prices (US cents per pound) for June 25: Comp. daily 1979 96.97 (97.65): 15-day average 101.15 (101.87).

COCOA

After opening unchanged futures remained in a narrow range during a fairly active day with the main point of interest being the widening of July/September differential, reports Gill and Duffus.

	Yesterday's close £ per tonne	+ or —	Business done
July	1343-1344	+6.5	1345-1333
Sept.	1314-1317	—2.0	1322-1312
Dec.	1339-1340	—1.0	1346-1336
March	1358-1359	—3.0	1365-1358
May	1376-1378	—3.5	1383-1377
July	1395-1397	—2.0	1400-1394
Sept.	1407-1408	—6.5	1415-1407

Sales: 3,398 (5,983) lots of 10 tonnes.

...ICCO indicator prices (SDRs per tonne). Daily price for June 25: 1520.71 (1607.89): 10-day average for June 26: 1524.95 (1555.10).

FREIGHT FUTURES

Dry Cargo June 26	Close	High/Low	Prev.
July	807/808	819/805	821
Oct.	867/868	875/861	875
Jan.	864	876/864	875/878
Apr.	898/900	916/899	920
July	780/790	—	780
Oct.	900	890	890
Jan.	820	—	885
April	1040	1040/1093	1060
BFI.	891.5	—	901

Turnover: 546 (300).

GRAINS

LONDON GRAINS—Wheat: US dark northern spring no. 2 14 per cent July/August 94.25, Sept 93.75. US no. 2 soft red winter July 87.25, August 88.50, Sept 90.00. French 11½-12 per cent June 143.00. English feed fob Sept 100.50-101.00, Oct/Dec 104.00-105.00, Jan/March 108.00-109.00 buyer/seller. Maize: US no. 3 yellow/French transhipment east coast spot 155.00. Barley: English feed fob August 98.50 seller, Oct/Dec 102.50-103.00, Jan/March 106.50-107.50 buyers/sellers.

Mnth	WHEAT Yest'rdy's close	+ or —	BARLEY Yest'rdy's close	+ or —
July	122.50	—0.10	—	—
Sep.	98.75	—0.55	95.30	—0.46
Nov.	101.00	—0.55	98.30	—0.50
Jan.	103.60	—0.55	100.80	—0.50
Mar.	106.00	—0.55	103.05	—0.90
May	108.60	—0.55	104.90	—0.1
July	110.75	—0.85	—	—

Business done—Wheat: July 123.00-2.00, Sept 99.00-8.65, Nov 101.40-0.90, Jan 103.65-3.50, March 106.10-5.90, May 108.70-8.60, July untraded. Sales: 144 lots of 100 tonnes.

Barley: Sept 95.30-5.30, Nov 98.25, Jan 100.70, March 103.05, May 105.75-4.90. Sales: 39 lots of 100 tonnes.

HGCA—Locational ex-farm spot prices. Feed barley: N. East 103.20, Scotland 103.00. The UK monetary coefficient for the week beginning Monday July 6 (based on HGCA calculations using three days' exchange rates) is expacted to change to 1.240.

POTATOES

Anticipation of good yields following recent heavy rain combined with forecasts of warmer growing weather continued to push futures lower. April opened 90p down at £126.00 with good suport evident. However, a brief £1.00 bounce found renewed fresh selling interest and levels drifted lower towards the close, reports Coley and Harper.

Month	Yesterday's close £ per tonne	Previous close	Business done
Nov	88.30	89.00	—
Feb.	97.00	100.50	—
Apr.	126.70	126.90	127.10-125.70
May	138.50	141.00	140.80-138.50

Sales: 482 (540) lots of 40 tonnes.

OIL

	Latest	Change + or —
CRUDE OIL—FOB ($ per barrel)—July		
Arab Light	—	—
Arab Heavy	—	—
Dubai	17.20-17.30*	+0.15
Brent Blend	19.15-19.26	+0.575
W.T.I. (1pm est)	20.38-20.40*	+0.775
Forcados (Nigeria)	—	—
Urals (cif NWE)	—	—
PRODUCTS—North West Europe Prompt delivery cif ($ per tonne)		
Premium gasoline	194-197	—
Gas Oil	166-167	—
Heavy fuel Oil	104-106	+2
Naphtha	169-171	—

* August.
Petroleum Argus estimates

SOYABEAN MEAL

	Yesterd'ys close £ per tonne	+ or —	Business done
August	156.5-157.5	+3.45	157.0-155.5
October	155.5-156.5	+2.45	156.0-152.5
Dec.	155.5-156.5	+0.65	—
Feb.	157.7-158.5	+0.25	—
April	139.5-140.0	+0.25	—
June	158.8-159.8	—1.80	—
August	155.5-158.0	—1.25	—

Sales: 241 (887) lots of 20 tonnes.

RUBBER

PHYSICALS—Closing prices (buyers): Spot 65.00p (64.00p): Aug 65.00p (64.25p): Sept 65.00p (64.25p). Kuala Lumpur fob prices (Malaysian/Singapore cents) per kg: RSS No 1 249.0 (246.5); SMR 20 212.5 (211.0).

MEAT

MEAT COMMISSION — Average fatstock prices at representative markets. GB—Cattle 97.82p per kg lw (—0.82). GB—Sheep 173.64p per kg est d c w (—17.55). GB—Pigs 76.62p per kg lw (—2.04).

US MARKETS

CRUDE OIL led the way as reports emerged of Opec's decision to cut production in the 4th quarter to 16.6m barrels per day prompted good trade, commission house, and local buying, touching off stops as prices rallied, reports Drexel Burnham Lambert. Profit-taking and local liquidation emerged at the highs to pare gains. The effect of the rally in crude was seen in precious metals which awoke following earlier lacklustre trading to trade higher on short-covering and speculative buying in the last hour, closing with pared gains as trader took profits. Copper ended the day slightly lower, but throughout the day good trade and fund buying was apparent in the face of mixed profit-taking. Reports of good o fftake in sugar prompted commission house buying, touching off stops as the market firmed despite trade scale-up selling. Reports of Eastern Block buying of US cotton rallied futures as trade and commission house buying emerged.

NEW YORK

ALUMINIUM 40,000 lb. cents/lb

	Close	Prev	High	Low
June	70.00	70.40	—	—
July	70.00	70.40	70.50	70.00
August	70.25	70.25	—	—
Sept	69.80	69.80	70.00	70.00
Dec	69.60	69.60	—	—
Jan	69.60	69.60	—	—
March	69.60	69.60	—	—
May	69.60	69.60	—	—

COCOA 10 tonnes, $/tonnes

	Close	Prev	High	Low
July	2001	1987	2010	1983
Sept	2007	1993	2018	1976
Dec	2022	2011	2032	1994
March	2050	2037	2055	2021
May	2075	2060	2085	2050
July	2095	2085	2105	2073
Sept	2122	2112	—	—

COFFEE "C" 37,500 lbs, cents/lbs

	Close	Prev	High	Low
July	103.25	103.25	104.35	102.50
Sept	105.22	104.32	105.85	103.85
Dec	107.68	106.97	108.35	107.00
May	111.60	111.01	113.00	111.50
July	112.78	112.58	115.00	114.00
Sept	114.28	114.02	—	—

COPPER 25,000 lb, cents/lb

	Close	Prev	High	Low
June	71.30	71.40	—	—
July	71.30	71.40	71.80	70.80
August	71.20	71.25	—	—
Sept	71.10	71.15	71.70	70.85
Dec	70.00	70.20	70.50	69.70
Jan	69.75	69.95	—	—
March	69.30	69.50	69.50	69.00
May	68.90	69.50	69.25	69.00
July	68.70	69.40	69.20	68.85
Sept	68.70	69.40	69.00	69.00

COTTON 50,000 lb, cents/lb

	Close	Prev	High	Low
July	75.20	73.00	75.20	74.00
Oct	71.95	70.68	72.30	71.10
Dec	70.85	69.88	71.35	70.50
March	71.57	70.48	71.90	71.20
May	72.00	70.85	72.45	71.90
July	72.80	71.25	72.80	72.15
Oct	66.75	66.13	66.80	66.50

CRUDE OIL (LIGHT) 42,000 US gallons, $/barrels

	Latest	Prev	High	Low
August	20.21	19.64	20.70	19.83
Sept	19.93	19.34	20.34	19.53
Oct	19.82	19.18	20.18	19.35
Nov	19.73	19.11	20.11	19.32
Dec	19.71	19.07	19.90	19.27
Jan	19.65	19.03	19.75	19.25
Feb	19.60	19.02	19.60	19.20
March	19.50	19.01	19.50	19.30
April	19.25	19.00	—	—

GOLD 100 troy oz, $/troy oz

	Close	Prev	High	Low
June	447.1	440.8	448.0	442.5
July	447.3	441.0	—	—
Aug	450.1	443.8	452.0	444.5
Oct	455.4	448.9	457.4	449.5
Dec	460.7	454.0	462.5	459.9
Feb	466.3	459.4	465.5	461.8
April	471.8	464.8	469.0	468.7
June	477.5	470.4	473.0	473.0
Aug	483.5	476.3	479.0	479.0
Oct	489.6	482.3	485.5	485.5
Dec	495.6	488.4	491.5	491.4
Feb	502.1	494.6	—	—

HEATING OIL 42,000 US gallons, cents/US gallons

	Latest	Prev	High	Low
July	52.55	51.16	52.50	51.85
August	53.05	51.49	53.48	52.20
Sept	53.90	52.17	54.17	52.80
Oct	54.65	52.90	54.90	53.70
Nov	55.60	53.60	55.60	54.35
Dec	56.00	54.30	56.30	54.90
March	54.00	53.10	54.00	53.85

ORANGE JUICE 15,000 lbs. cents/lbs

	Close	Prev	High	Low
July	131.60	131.30	132.10	131.20
Sept	124.80	124.75	125.25	124.05
Nov	120.85	120.60	121.40	120.75
Jan	119.90	120.20	120.20	119.60
March	120.20	119.75	120.25	119.75
May	120.20	119.70	—	—
July	120.20	119.70	—	—

PLATINUM 50 troy oz, $/troy oz

	Close	Prev	High	Low
July	562.0	548.2	554.5	548.5
Oct	569.2	555.0	562.0	555.0
Jan	566.2	562.0	569.0	563.0
April	572.9	568.7	569.5	569.5
July	579.5	575.3	579.0	578.2
Oct	590.0	—	—	—

SILVER 5,000 troy oz, cents/troy oz

	Close	Prev	High	Low
June	695.5	685.3	695.0	695.0
July	695.5	685.5	707.0	684.0
Aug	700.0	689.7	707.0	698.0
Sept	705.1	695.0	717.0	693.0
Dec	719.2	708.4	732.0	706.0
Jan	723.7	712.9	—	—
March	733.3	722.0	741.0	729.0
May	743.0	731.5	—	—
July	752.9	741.3	753.0	747.0

SUGAR WORLD "11" 112,000 lb. cents/lb

	Close	Prev	High	Low
July	6.89	6.64	6.90	6.68
Sept	7.11	6.81	7.10	6.95
Oct	7.24	7.00	7.25	7.03
Jan	7.53	7.25	—	—
March	7.67	7.45	7.68	7.46
May	7.83	7.61	7.85	7.65
July	7.91	7.70	7.92	7.75
Oct	8.09	7.89	8.09	7.93

CHICAGO

LIVE CATTLE 40,000 lb, cents/lb

	Close	Prev	High	Low
Aug	63.30	64.20	64.05	63.22
Oct	61.22	61.92	61.96	61.20
Dec	63.15	63.55	63.50	63.07
Feb	64.17	64.55	64.50	64.15
April	65.00	65.25	65.20	64.87
June	64.30	64.65	64.55	64.30
Aug	64.30	—	64.50	64.30

LIVE HOGS 30,000 lb, cents/lb

	Close	Prev	High	Low
July	57.15	58.47	58.30	57.10
Aug	53.15	54.37	54.45	53.10
Oct	45.10	45.82	46.00	45.05
Dec	45.05	45.65	45.75	45.02
Feb	43.005	43.82	43.75	43.00
April	40.30	41.20	41.10	40.20
June	42.00	42.35	42.45	41.80
July	41.85	42.72	42.50	41.80
Aug	40.70	42.30	42.20	40.70

MAIZE 5,000 bu min, cents/56 lb-bushel

	Close	Prev	High	Low
July	185.2	187.0	188.6	185.0
Sept	191.0	193.2	194.6	190.4
Dec	197.2	199.2	201.4	197.0
March	204.4	206.4	202.2	204.2
May	207.4	209.0	210.5	207.2
July	208.6	210.2	212.0	206.6
Sept	206.2	208.2	210.4	206.2

PORK BELLIES 38,000 lb, cents/lb

	Close	Prev	High	Low
July	75.70	77.60	77.80	75.60
Aug	72.80	74.50	74.60	72.80
Feb	60.25	61.05	61.25	60.20
March	60.02	60.82	60.95	60.02
May	61.30	62.20	61.80	61.30

SOYABEANS 5,000 bu min, cents/60 lb-bushel

	Close	Prev	High	Low
July	548.0	545.0	553.4	545.0
Aug	553.6	550.0	558.4	550.4
Sept	554.0	552.4	560.4	551.0
Nov	563.0	558.3	568.0	557.0
Jan	572.0	567.2	576.4	566.0
March	582.0	577.4	586.0	577.0
May	590.0	584.4	592.0	585.0
July	592.0	585.4	594.4	587.0
Aug	588.0	581.4	—	—

SOYABEAN MEAL 100 tons, $/ton

	Close	Prev	High	Low
July	175.1	172.8	176.3	174.0
Aug	172.9	171.2	174.0	172.5
Sept	171.9	170.5	173.5	171.0
Oct	170.5	169.5	173.0	170.0
Dec	172.7	171.7	174.5	171.0
Jan	174.0	172.7	175.0	173.5
March	177.0	175.0	177.0	175.0
May	177.0	174.5	177.0	176.0
July	178.0	175.0	178.0	178.0
Aug	178.0	174.5	178.0	178.0

SOYABEAN OIL 60,000 lb, cents/lb

	Close	Prev	High	Low
July	16.48	16.59	16.73	16.45
Aug	16.62	16.78	16.93	16.62
Sept	16.83	16.97	17.10	16.82
Oct	17.01	17.13	17.30	17.00
Dec	17.32	17.47	17.60	17.30
Jan	17.47	17.60	17.75	17.47
March	17.77	17.90	18.02	17.75
May	18.01	18.11	18.01	18.01
July	18.40	18.35	18.35	18.45

WHEAT 5,000 bu min, cents/60lb bushel

	Close	Prev	High	Low
July	259.6	263.2	263.6	259.2
Sept	266.4	269.4	270.2	268.0
Dec	275.2	278.2	279.4	275.0
March	278.4	281.0	282.6	278.4
May	272.0	274.4	277.4	272.0
July	253.4	265.0	269.0	253.4

SPOT PRICES: Chicago loose lard 15.75 (same) cents per pound. Handy and Harman silver bullion 689.0 (684.0) cents per troy ounce. New York tin 310-12 (309-12) cents per pound.

SUGAR

LONDON DAILY PRICE—Raw sugar $172.20 (£106.80), up $1.00 (up 40p) a tonne for July-August delivery. White sugar $181.20, up 80c.

No. 6 Contract	Yest'rdy's close $ per tonne	Previous close	Business done
Aug	158.0-158.2	155.0-155.4	158.0-152.6
Oct	161.6-161.8	157.2-157.4	162.4-158.8
Dec	165.8-167.0	161.2-162.4	161.8
Mar.	170.0-171.0	166.0-166.4	171.0-166.4
May	173.8-174.2	169.0-170.0	169.5
Aug	177.8-178.2	172.5-174.0	—
Oct	179.0-180.0	175.6-176.4	—

Sales: 3,091 (1,891) lots of 50 tonnes.

Tate and Lyle delivery price for granulated basis sugar was £211.00 (£210.50) a tonne for export.

International Sugar Agreement—(US cents per pound fob and stowed Caribbean ports.) Prices for June 25: Daily price 6.48 (6.46): 15-day average 6.45 (6.44).

PARIS—(FFr per tonne): Aug 1,118-1,120, Oct 1,148-1,150, Dec 1,170-1,180, March 1,216-1,225, May 1,248-1,260, Aug 1,285-1,305.

GAS OIL FUTURES

Month	Yesterd'ys close US$ per tonne	+ or —	Business done
July	156.25	+3.00	156.50-54.25
Aug	157.50	+3.00	158.25-55.25
Sept	159.25	+2.25	159.75-57.50
Oct	161.25	+2.25	161.50-60.25
Nov	162.25	+0.25	162.25

Turnover: 3,637 (2,196) lots of 100 tonnes.

Industrial cleaner axes 89 jobs

GENERAL Industrial Cleaners of Borrowash, Derby, which cleans industrial overalls, is making 89 workers redundant. It employs about 330 and blames the cuts on a drop in orders.

WORLD STOCK MARKETS

WALL STREET

Weaker tone in stocks after rally

STOCKS remained lower in New York and fell again following a midday pause yesterday. Analysts said many traders had completed thir book-squaring prior to a weekend and what will be a week's holiday for some, due to American Independence Day. No news was expected from Opec.

The dollar showed small losses at midday and US credit markets were lower, partly on disappointment at participation in Thursday's Treasury refunding. There was also no news to move the market out of its trading range.

The Dow Jones Industrial Average was down 9.72 at 2441.33 in a volume of 100m shares. Declines led gains by about two to one. Transports were off 5.57 at 1033.68 and Utilities lost 2.13 to 207.97.

US credit markets were also lower at midsession in light, pre-weekend trading.

Traders said the mixed results of the week's three-part, $24.25bn Treasury mini-refunding weighed heavily on the market. All three new note issues have fallen in price since they were sold. A slightly softer dollar was also pulling the market lower and making it difficult to attract investors to the new paper.

The benchmark 8¾ per cent 30-year bond was off 1½ at 103⅓ to yield 8.47 per cent. The bond had traded Thursday at 103½ at the close, yielding 8.42 per cent. The long bond rose from ts morning lows around 102⅝ as it followed the dollar's recovery from earlier levels. But traders said the new supply of note issues was holding the rest of the market down.

Closing prices for North America and Canada were not available for this edition.

CANADA

Canadian stocks were higher in miderate midsession trading, supported mainly by strength in Golds. In Toronto, the composite index climbed 10 to 3716.10 as advances led declines 359 to 290 in a volume of 10.7m shares.

Actives included **Laidlaw** class B up 75 cents at C$20½, **Crownx** class A up 25 cents at C$7½ and **Canadian Imperial Bank of Commerce** off ⅜ at C$21¼.

Among Golds, **Campbell Red Lake** added 50 cents to C$32¾, **Echo Bay** 50 to C$46¼, **Hemlo Gold** 50 to C$22⅞, **Pegasus** 50 to C$22⅞ and **LAC Minerals** ⅜ to C$40.

Profit-taking after Thursday's record Wall Street affected Canadian blue chips. **Seagram**, which gained a dollar on Thursday, was off 50 at C$103½ and **Northern Telecom** eased 25 after rising 50 on Thursday. **Royal Bank** put on 25 but **Bank of Montreal** shed ⅛ at C$33½.

Dome Petroleum was unchanged at C$1.10 after the annual meeting learnt of the bid from **Amoco Corp. Shell Canada** shed 75 cents to C$46.

TOKYO

Shares closed mixed in moderate trading as the dollar slipped against the yen during the day. The market average crept up 18.48 points to 25,049.83 but was below its best. Declines just led advances in turnover of 900m share against 850m previously.

Pharmaceuticals, Rubbers, Pulp/paper, Shipbuilding and Retailers all firmed, while Warehouses, Electricals, Banks, Gas, Communications, Railways and Precision Instruments fell. Export-orientated sectors fell on a weaker dollar. The market mood was hestitant, brokers said.

A plunge in bond prices in the afternoon also depressed stocks. The market is likely to remain sluggish until the dollar's near-term trend against the yen becomes clearer.

FRANKFURT

Shares ended firmer but off the day's highs, with some investors taking profits during midsession ad professional operators squaring positions ahead of the weekend. Sentiment remained bullish on a steady dollar and favourable growth forecasts for the West German economy.

Motors led other sectors higher, with **VW** ending DM 8.50 higher at DM 430, **Daimler** adding 14 to DM 1,127, **BMW** rising 13 to DM 682 and **Porsche** ahead 42 to DM 1,024. Tyre-maker **onti-Gummi** bucked the trend, dropping to DM 339.80.

Deutsche Bank added 9.50 to DM 642, **Dresdner** gained 5.50 to DM 336 and **Commerzbank** advanced three to DM 274.50. Insurer **Allianz** rose six to DM 1,790. Electrical **Siemens** added 2.90 to DM 742.90 and **AEG** rose one to DM 317.

In chemicals, **BASF** bucked the trend after reporting an estimated 7 per cent drop in world group turnover during the first half of 1987. Its price ex-dividend fell 12.30 to DM 302.20. **Bayer** rose two, to DM 335. **Hoechst** added one to DM 303. Pharmaceutical **Schering** rose 1.50 to DM 575.

Retailer **Karstadt** added eight to DM 470 and **Kaufhof** rose 80 pfennigs to DM 468.80. Metaols processor **Degussa** gained 10 to DM 492 but **Lufthansa** shed 4 to DM 176.

SINGAPORE

Late buying raised prices to higher close in active trading and the Straits Times industrial index rose 4.11 points to its fifth record high of 1,260.77. Most blue chips and quality stocks rose on expectations that the local economy will show a strong growth in the second quarter although Malaysian counters lost ground following news that some members of United Malays National Organisation had petitioned the high court to declare null and void last April's general assembly.

SIA lost 20 cents to S$13.00 on light turnover. The government's **Temasek Holdings** announced that its secondary offer of 30m SIA shares had been full subscribed.

Arab-Malaysian Development, the most active stock, closed 1 cent lower at S$1.40. **Paper Products** rose 6 cents to 89.5 cents with 2.5m shares traded and **Malaysia Resources** gained 8 to 57 cents on a volume of 1.9m.

AUSTRALIA

The Australian market closed slightly firmer in mixed trading, with selected buying in industrial stocks and with options-related trade the highlight of the day. By the close, the all ordinaries index was 5.0 points firmer at 1748.3 and the all industrial index had added 13.6 to 2586.7.

Western Mining finished a strong week with the highest turnover of the day. Nearly 11m shares were traded and the stock jumped 18 to A$5.94. CRA also traded heavily, but fell to A$8.24. Strong interest in **Elders IXL** amid speculation that it would sell its BHP holding pushed it up to A$4.75.

CSR was also heavily traded, losing three to A$4.02 on turnover of 6.5m shares and the **Bell Group** dropped 10 to A$7.70.

In a mixed industrial sector, media stock **Fairfax** fell to A$4.50 but **News Corp** recovered to end unchanged at A$18.30. **Pacific Dunlop** and **General Property Trust** both rose 15 to A$4.80 and A$3.35 respectively. BHP put on four to 9.78.

HONG KONG

Share prices closed slightly higher on revived trading in the afternoon linked to speculative buying in **China Entertainment**. The Hang Seng Index gained 2.37 to 3,138.68 after losing more than 20 points at an early stage. **China Entertainment** led the active list, following late rumours that it had obtained seats on the board of **Hongkong Hotels**. Shares in CE rose 17 cents to HK$1.76, while those of HK Hotels were up four at HK$69 each.

BRUSSELS

Belgian shares finished generally firm in heavy trading which again centred on **Reserve**, the share of Société Générale de Belgique. Reserve rose 50 francs to BFrs 3,900 as the interest from foreign operators, believed to be mainly French, sparked interest from local investors. This took its rise from last Friday BFrs 460. Chemicals and Insurers were also strong, while other sectors and holdings were quietly mixed.

Indices

NEW YORK

DOW JONES

	June 25	June 24	June 23	June 22	1987 High	1987 Low	Since compilation High	Since compilation Low
♦Industrials	2451.05	2428.41	2439.73	2445.51	2451.05 (25/6)	1927.31 (2/1)	2451.05 (25/6/87)	41.22 (2/7/32)
Home Bonds	89.29	89.29	89.16	89.11	95.51 (9/2)	87.07 (22/5)	(—)	(—)
Transport	1039.25	1027.20	1029.27	1027.20	1029.25 (25/6)	816.38 (2/1)	1038.25 (25/6/87)	12.32 (8/7/32)
Utilities	210.10	207.51	208.14	206.76	227.83 (22/1)	191.99 (20/5)	227.83 (22/1/87)	10.5 (8/4/32)

♦Day's High 2460.14 (2454.08) Low 2430.33 (2415.34)

STANDARD AND POOR'S

	June 25	June 24	June 23	June 22	1987 High	1987 Low	Since compilation High	Since compilation Low
Composite‡	308.96	306.26	308.43	309.65	309.65 (22/6)	246.45 (2/1)	309.65 (22/6/87)	4.40 (1/6/32)
Industrials	358.31	356.36	357.94	359.14	353.22 (17/6)	274.58 (2/1)	353.22 (17/6/87)	3.62 (21/6/32)
Financials	30.24	29.73	30.19	30.59	31.51 (6/3)	25.97 (29/5)	31.51 (6/3/87)	8.64 (1/10/74)
NYSE Composite	173.55	172.40	173.22	179.77	173.77 (22/6)	141.01 (2/1)	173.77 (22/6/87)	4.46 (25/4/42)
Amex Mkt. value	337.48	337.27	330.19	339.08	342.23 (6/4)	267.49 (2/1)	342.23 (6/4/87)	29.31 (9/12/72)
NASDAQ OTC Comp	427.20	427.26	427.50	429.25	439.64 (20/3)	353.26 (2/1)	439.64 (20/3/87)	54.87 (3/10/72)

	June 19	June 12	May 29	year ago (approx.)
Dow Industrial Div. Yield	2.81	2.83	2.93	3.66
	June 24	**June 17**	**June 10**	**year ago (approx.)**
S and P Industrial Div. Yield	2.49	2.42	2.48	3.77
S and P P/E ratio	23.46	23.25	22.71	11.54

TRADING ACTIVITY

† Volume (Millions)

	June 25	June 24	June 23
New York	173.520	154.187	195.276
Amex	12.025	19.910	14.480
OTC	(—)	140.272	154.306

NEW YORK

	June 25	June 24	June 23
Issues Traded	2,966	1,937	1,982
Rises	931	614	660
Falls	597	896	894
Unchanged	438	427	438
New Highs	74	45	912
New Lows	18	24	21

CANADA

TORONTO

	June 25	June 24	June 23	June 22	1987 High	1987 Low
Metals & Minerals	2771.8	2761.1	2771.89	2818.39	2943.6 (11/5)	1988.2 (2/1)
Composite	3706.0	3692.6	3691.07	3706.57	3881.2 (6/4)	3067.8 (2/1)
MONTREAL Portfolio	1885.59	(c)	1873.23	1882.88	1935.0 (6/4)	1534.3 (2/1)

	June 26	June 25	June 24	June 23	1987 High	1987 Low
AUSTRALIA						
All Ord (1/1/80)	1748.3	1742.9	1739.5	1742.0	1858.8 (18/5)	1486.7 (2/2)
Metals & Minerals (1/1/80)	1006.6	1007.6	1005.1	999.3	1287.5 (18/5)	729.1 (2/1)
AUSTRIA						
Credit Aktien (30/12/84)	182.26	182.57	183.54	182.96	230.60 (2/1)	182.21 (19/6)
BELGIUM						
Brussels SE (1/1/84)	4793.60	4785.54	4764.51	4741.07	4793.60 (26/6)	3987.86 (9/1)
DENMARK						
Copenhagen SE (3/1/83)	(u)	209.24	209.96	210.88	217.57 (22/1)	189.64 (6/1)
FINLAND						
Unitas General (1975)	552.9	544.80	544.8	542.8	552.9 (26/6)	425.2 (5/1)
FRANCE						
CAC General (31/12/82)	401.40	397.80	405.0	408.60	460.4 (26/3)	392.0 (2/1)
Ind Tendance (31/12/86)	100.80	98.90	99.9	102.00	117.2 (26/3)	97.8 (2/1)
GERMANY						
FAZ Aktien (31/12/58)	625.01	621.94	614.64	633.29	676.84 (6/1)	538.32 (19/3)
Commerzbank (1/12/53)	1891.60	1882.50	1861.4	1914.70	2048.3 (6/1)	1633.8 (19/3)
HONG KONG						
Hang Seng Bank (31/7/64)	3138.68	3136.31	3178.98	3110.41	3178.98 (24/6)	2449.88 (20/1)
ITALY						
Banca Com. Ital (1972)	702.09	702.05	708.08	709.24	767.34 (30/4)	673.60 (3/3)
JAPAN**						
Nikkei (16/5/49)	25049.83	25031.35	24892.75	24794.91	25929.42 (17/6)	18544.0 (13/1)
Tokyo SE New (4/1/68)	2130.64	2134.25	2117.09	2117.29	2258.56 (11/6)	1557.46 (13/1)
NETHERLANDS						
ANP CBS Gen (1970)	305.60	303.40	301.10	303.20	305.60 (26/6)	257.7 (28/1)
ANP CBS Indust. (1970)	263.00	261.70	258.80	260.60	274.9 (5/1)	243.60 (11/6)
NORWAY						
Oslo SE (4/1/83)	431.46	429.45	431.37	434.82	436.16 (24/4)	361.98 (2/1)
SINGAPORE						
Straits Times (30/12/66)	1260.77	1256.66	1252.40	1249.24	1260.77 (26/6)	889.08 (2/1)
SOUTH AFRICA						
JSE Gold (28/9/78)	(u)	2021.0	2042.0	1969.0	2308.0 (27/4)	1786.0 (19/3)
JSE Indust (28/9/78)	(u)	1906.0	1897.0	1889.0	1957.0 (19/5)	1423.0 (2/1)
SPAIN						
Madrid SE (30/12/85)	242.83	240.78	239.14	238.91	255.95 (23/2)	202.89 (8/5)
SWEDEN						
Jacobson & P. (31/12/56)	(u)	2709.60	2718.90	(u)	2782.10 (6/5)	2111.39 (28/1)
SWITZERLAND						
Swiss Bank Corp (31/12/58)	612.0	610.1	605.90	613.10	613.30 (22/6)	564.5 (25/2)
WORLD						
M S Capital Intl. (1/1/70)	(u)	470.30	469.50	468.20	480.30 (12/6)	361.3 (2/1)

** Saturday June 20: Japan market closed.

Base values of all Indices are 100 except Brussels SE—1,000 JSE Gold—255.7 JSE Industrials—264.3 and Australia. All Ordinary and Metals—500; NYSE All Common—50; Standard and Poor's—10, and Toronto Composite and Metals—1000. Toronto indices based 1975 and Montreal Portfolio 4/1/83. † Excluding bonds. ‡ 400 Industrials plus 40 Utilities. 40 Financials and 20 transports. (c) Closed. (u) Unavailable.

NEW YORK ACTIVE STOCKS

Thursday	Stocks traded	Closing price	Change on day
US Air gp	4,672,500	47	+15
Tandem Comp	4,160,300	32¼	−4⅛
ATT	3,604,300	28⅝	+½
Sou Calif	3,402,000	32½	+¼
BK TX Grp	3,164,500	3	(—)
Dayton Hud	3,129,200	50	−1
Reich Chem	2,338,300	60½	+18¼
Golden Nug	2,289,300	13¼	+⅛
Adv Micro	1,986,500	18⅝	−1
IBM	1,918,500	167¾	+1¾

CURRENCIES & MONEY

FOREIGN EXCHANGES

Dollar in narrow range

THE DOLLAR showed virtually no change in currency markets yesterday as traders remained on the sidelines ahead of the weekend. The dollar was content to remain within a fairly narrow trading range and there were signs that the recent accord reached in Paris and Vienna was being used by central banks to keep the dollar within a narrow range.

This was made easier by the absence of any fresh economic data to influence trading. While speculators were keen to see the dollar break out of its recent trading range, there was a general reluctance to test central banks' resolve simply because there was a noticeable lack of motivation.

The dollar closed at DM1.8260 from DM1.8280 and Y146.25 against Y146.30. Elsewhere it finished at SFr1.5145 from SFr1.5185 and FFr6.0925 from FFr6.10. On Bank of England figures, the dollar's exchange rate index finished unchanged at 102.2.

Sterling finished on a very steady note. Its exchange rate index closed at 72.2 the same as Thursday night's close. The pound was benefitting from a period of consolidation after its recent post election fall and it closed at $1.6110 from $1.6125 and DM2.9425 compared with DM2.9475. Against the yen it slipped to Y235.60 from Y236.0. Elsewhere it closed at SFr2.44 from SFr2.4475 and FFr9.8150 against FFr9.8375.

D-MARK—Trading range against the dollar in 1987 is 1.9305 to 1.7690. May average 1.7887. Exchange rate index 146.9 against 148.4 six months ago.

There was no intervention by the Bundesbank at yesterday's fixing when the dollar was quoted at DM 1.8257 compared with DM 1.8283 on Thursday. The US unit remained confined to a narrow range in quiet pre-weekend trading.

Some dealers suggested that with central banks keen to keep the dollar steady and with no fresh factors to test their resolve, the dollar could remain steady until the release of US trade figures in the middle of July. The dollar closed at DM 1.8255 from DM 1.8280 on Thursday.

JAPANESE YEN—Trading range against the dollar in 1987 is 159.45 to 138.35. May average 140.55. Exchange rate index 218.7 against 210.5 six months ago.

Selling ahead of the weekend left the dollar a little lower in Tokyo compared with overnight levels in New York but it remained within its recent tight trading range. The US unit closed at Y145.90 compared with Y146.25 in New York and Y145.40 in Tokyo on Thursday.

The market lacked any fresh economic data or other news to affect sentiment and apart from light profit taking, the dollar showed little clear direction.

£ IN NEW YORK

June 26	Latest	Previous Close
£ Spot	1.6100-1.6110	1.6130-1.6140
1 month	0.25-0.24 pm	0.26-0.25 pm
3 months	0.75-0.72 pm	0.75-0.71 pm
12 months	2.22-2.12 pm	2.25-2.20 pm

Forward premiums and discounts apply to the U.S. dollar.

POUND SPOT—FORWARD AGAINST THE POUND

June 26	Day's spread	Close	One month	% p.a.	Three months	% p.a.
US	1.6105-1.6180	1.6105-1.6115	0.27-0.24c pm	1.90	0.77-0.72 pm	1.85
Canada	2.1455-2.1530	2.1460-2.1470	0.17-0.07c pm	0.67	0.45-0.31 pm	0.71
Netherlands	3.30½-3.32¼	3.30½-3.31½	1½-⅞c pm	3.63	3¼-2⅞ pm	3.70
Belgium	60.85-61.30	60.85-60.95	17-10c pm	1.77	43-30 pm	2.40
Denmark	11.09½-11.14¼	11.09½-11.10½	par-⅝ ore dis	-0.34	¾-1½ dis	-0.41
Ireland	1.0960-1.1040	1.0995-1.1005	0.08-0.18 p dis	-1.42	0.20-0.35 dis	-1.00
[illegible]						

STERLING INDEX

[illegible]

CURRENCY RATES

[illegible]

CURRENCY MOVEMENTS

[illegible]

DOLLAR SPOT—FORWARD AGAINST THE DOLLAR

[illegible]

EURO-CURRENCY INTEREST RATES

[illegible]

OTHER CURRENCIES

[illegible]

*Selling rate

EXCHANGE CROSS RATES

[illegible]

Yen per 1,000: French Fr per 10: Lira per 1,000: Belgian Fr per 100.

MONEY MARKETS

UK rates little changed

INTEREST RATES were little changed in the London money market yesterday. Trading was extremely lacklustre in the absence of any fresh factors to influence the market.

Three-month interbank money was quoted at 9⅟₁₆-9⅟₁₆ per cent against 9⅛-9 per cent on Thursday. Sterling finished little changed on the day and activity was generally subdued ahead of the weekend.

Sterling's steadier tone was helped to some extent by a steady dollar and some dealers were suggesting that should the US unit lose ground over the next few months, then the prospects of a cut in rates would be enhanced considerably.

UK clearing bank base lending rate 9 per cent since May 8

Weekend interbank money traded between 9½ per cent and 8½ per cent.

The Bank of England forecast a shortage of around £800m with factors affecting the market including the repayment of any late assistance and bills maturing in official hands together with a take up of Treasury bills draining £675m and a rise in the note circulation of £290m. In addition banks brought forward balances £25m below target. These were partly offset by Exchequer transactions which added £175m.

Assistance in the morning totalled £175m and comprised outright purchases of £113m of eligible bank bills in band 1 at 8⅞ per cent and £62m in band 2 at 8⅞ per cent.

Further help was given in the afternoon of £603m. This comprised outright purchases of £68m of Treasury bills, £11m of local authority bills and £157m of eligible bank bills all at 8⅞ per cent and in band 2 £2m of local authority bills and £301m of eligible bank bills at 8⅞ per cent. It also bought £64m of eligible bank bills in band 3, again at 8⅞ per cent.

Late help came to £10m, making a total of £788m.

Vanishing hopes of an early cut in clearing bank base rates were reflected in the average rate of discount at the weekly Treasury bill tender which rose to 8.7617 per cent from 8.6232 per cent. The £400m of bills on offer attracted bids of £1,498m compared with £1,844m for a similar amount the previous week and the minimum accepted bid was £97.815 against £97.825.

FT LONDON INTERBANK FIXING

(11.00 a.m. June 26) 3 months U.S. dollars		6 months U.S. dollars	
bid 7 5/16	offer 7 7/16	bid 7 ⅜	offer 7 ½

The fixing rates are the arithmetic means, rounded to the nearest one-sixteenth, of the bid and offered rates for $10m quoted by the market to five reference banks at 11.00 a.m. each working day. The banks are National Westminster Bank, Bank of Tokyo, Deutsche Bank, Banque Nationale de Paris and Morgan Guaranty Trust.

June 26	Overnight	One Month	Two Months	Three Months	Six Months	Lombard Intervention
Frankfurt	3.50-3.60	3.60-3.70	3.60-3.70	3.60-3.75	3.65-3.80	5.0
Paris	7 11/16-8⅛	8 1/16-8 3/16	8 1/16-8 3/16	8¼-8⅜	8½-8⅝	7¾
Zurich	5 9/16-6 1/16	4¼-4½	—	3-3¼	—	—
Amsterdam	5¼-5½	5⅜-5 7/16	—	5 5/16-5 7/16	—	—
Tokyo	3.28125	3.59375	—	3.65625	—	—
Milan	10½-11½	10½-11¼	—	10¾-11¼	—	—
Brussels	7.75	6½-6¾	—	6⅝-6¾	—	—
Dublin	9¾-10	10⅛-10½	10⅛-10½	10⅛-10½	10⅛-10⅝	—

LONDON MONEY RATES

June 26	Overnight	7 days notice	Month	Three Months	Six Months	One Year
Interbank	9½-8½	9⅛-8⅞	9⅛-9	9 1/16-9	9 3/16-9	9 5/16-9⅛
Sterling CDs	—	—	9 1/16-8 15/16	9 1/16-8 15/16	9 3/16-8 15/16	9 5/16-9 3/16
Local Authority Deposits	9	9	8 15/16	8 15/16	9	9⅛
Local Authority Bonds	—	—	9 1/16	9 1/16	9 3/16	9¼
Discount M'ket Deposits	9½-8½	9	8¾	8⅞	—	—
Company Deposits	9-8	9⅛	9 1/16-9 1/16	9 1/16	9⅛	9¼
Finance House Deposits	—	—	9⅛	9⅛	9¼	9⅜
Treasury Bills (Buy)	—	—	8⅞	8 13/16	—	—
Bank Bills (Buy)	—	—	8 13/16	8 13/16	8 13/16	—
Fine Trade Bills (Buy)	—	—	9 1/16	9 1/16	9 1/16	—
Dollar CDs	—	—	7.15-7.10	7.10-7.05	7.25-7.20	7.60-7.55
SDR Linked Deposits	—	—	6⅛-5⅞	6¼-6	6⅜-6⅛	6⅝-6⅜
ECU Linked Deposits	—	—	6⅝-6½	6 11/16-6 9/16	6 13/16-6 11/16	7⅛-7

Treasury Bills (sell); one-month 8 13/16 per cent; three-months 8¾ per cent; Bank Bills (sell): one-month 8⅞ per cent; three months 8 13/16 per cent; Treasury Bills; Average tender rate of discount 8.7617 p.c. ECGD Fixed Rate Sterling Export Finance. Make up day May 29, 1987. Agreed rates for period June 24 to July 25, 1987, Scheme I: 10.54 p.c., Schemes II & III: 10.12 p.c. Reference rate for period May 1 to May 29, 1987, Scheme IV: 8.873 p.c. Local Authority and Finance Houses seven days' notice, others seven days' fixed. Finance Houses Base Rate 9½ per cent from June 1, 1987: Bank Deposit Rates for sums at seven days' notice 3-3½ per cent. Certificates of Tax Deposit (Series 6); Deposit £100,000 and over held under one month 8 per cent; one-three months 8¼ per cent; three-six months 9 per cent; six-nine months 9⅛ per cent; nine-12 months 9⅛ per cent; Under £100,000 8 per cent from June 24. Deposits withdrawn for cash 5 per cent.

LONDON STOCK EXCHANGE

Equities end account with fresh gains

Account Dealing Dates

*First Dealings	Option Declarations	Last Dealings	Account Day
Jun 1	Jun 11	Jun 12	Jun 22
Jun 15	Jun 25	Jun 26	July 6
Jun 29	July 9	July 10	July 20

* New time dealings may take place from 9.00 am two business days earlier.

THE UK stock market rounded off the first trading account since Election Day in good form, although buying interest remains moderate and somewhat selective. Government bonds, sluggish throughout the day in the face of an uneventful session for sterling, turned off in late dealings after the authorities announced a £500m issue of tranches of existing stocks.

The FT-SE 100 Index closed 14.1 up at 2291.3, a shade under the best of the day. The index now stands a few points higher than on the eve of the election, having rallied this week from the shake-out which followed the re-election of the Conservative Government. At 1790.7, the FT Ordinary Index gained 18.2.

The securities markets made little response to the Queen's Speech, laying out the Government's policies for the new Parliamentary Session.

However, oil shares moved up on reports that the OPEC meeting in Vienna was aiming for production restraints. British Petroleum, Britoil and Shell closed firmly after the news that a full OPEC ministerial meeting had been postponed until today.

Elsewhere, interest was patchy. Argyll Group rallied from Thursday's fall, putting heart back into the retail stores sector. Property shares extended the week's gains and there were several speculative features on the domestic sectors.

US buyers re-appeared for Jaguar and Cadbury-Schweppes, but Glaxo eased back after an article in The Lancet, the leading UK medical journal, failed to satisfy some of the transatlantic bulls of the stock. Wellcome also disappointed some investors, and Reed International was another of the week's more exciting prospects to fade away at the end of the trading account.

Among the better spots, Unilever responded vigorously to the impending share split, a move which is traditionally good for a share price. Reuters also sharply extended its recent gain, although dealers refused to become excited — the shares are a narrow market and move in response to demand for the ADRs in New York.

With hints of impending rights issues stilled, at least for the time being, bank shares closed firmly. The insurance sector which has performed outstandingly since Election Day, continued to respond to hopes of substantially increased pension business.

FINANCIAL TIMES STOCK INDICES

	June 26	June 25	June 24	June 23	June 22	Year ago
Government Secs	90.68	90.91	91.87	90.55	90.59	90.84
Fixed Interest	97.36	97.59	98.07	97.91	98.03	96.95
Ordinary ♥	1790.7	1772.5	1773.4	1751.6	1737.0	1354.4
Gold Mines	376.2	375.9	373.6	364.1	376.7	198.5
Ord. Div. Yield	3.19	3.22	3.23	3.26	3.29	4.08
Earnings Yld.%(full)	7.70	7.76	7.78	7.87	7.93	9.77
P/E Ratio (net) (*)	15.58	15.85	15.83	15.64	15.53	12.46
SEAQ Bargains (5 pm)	35,708	42,690	40,002	41,366	45,510	—
Equity Turnover (£m)	—	1578.50	1644.23	1589.42	1631.42	666.58
Equity Bargains	—	49,864	45,594	54,124	51,893	26,054
Shares Traded (ml)	—	670.2	593.0	593.9	619.3	293.9

1987 and Since Compilation (High / Low): [illegible]

S.E. ACTIVITY: [illegible]

Opening	10 a.m.	11 a.m.	Noon	1 p.m.	2 p.m.	3 p.m.	4 p.m.
1783.2	1780.2	1781.4	1789.1	1792.8	1792.4	1786.0	1792.6

Day's High 1794.7. Day's Low 1777.8. Basis 100 Govt. Secs 15/10/26, Fixed Int. 1928, Ordinary 1/7/35, Gold Mines 12/9/55, SE Activity 1974. *Nil=15.67.

LONDON REPORT AND LATEST SHARE INDEX: TEL. 01-246 8026

Bonds had a quiet session, and traded about ¼ off for most of the day as traders absorbed the old tap issue which was taken out during the week. There was some surprise when the authorities announced new taplet issues — a somewhat unaggressive move by recent standards. The market is already well supplied with stock.

After the taplet news, bonds turned off afresh to close with net falls of ½ point, leaving yields at 9.18 per cent at the long end.

Acsis Jewellery, the USM-quoted retail chain, leapt 122 to 168p reflecting prospects of a lucrative "shell" operation. Windstorm, a British Virgin Islands-domiciled company headed by Darryl Phillips, has agreed the purchase of over 46 per cent of Acsis' voting rights, the equity element of which will be acquired at prices between 18½p and 20p per share. Under Rule 9 of the City Code, comparable terms will be offered to outstanding shareholders.

Darryl Phillips, a leading figure in the South African advertising business, will be appointed executive chairman of Acsis on completion of the deal. Acsis also revealed recapitalisation plans via a £1.5m rights issue on a 1-for-1 basis at 18p.

Buyers continued to shy away from the Banking sector and once again prices of the major clearers showed little alteration overall. Lloyds continued to drift lower and settled 6 cheaper at 579p, but Natwest, 734p and Midland, 623p, both managed minor gains. TSB shed 2½ to 91¼p on further consideration of the results. Elsewhere, Hill Samuel edged up a couple of pence to 477p following a BZW "buy" recommendation, while Mercury International firmed 9 to 445p ahead of the forthcoming results. Standard Chartered were a few pence better at 763p on revived takeover rumours.

Dealings in the shares of Lloyds brokers Stewart Wrightson and Willis Faber were suspended at 500p and 438p respectively pending an announcement; the share price of Stewart Wrightson has risen consistently during the past week on talk of a possible link-up between the two companies. Market makers are expecting some sort of announcement early next week.

Composite Insurances were featured by Royal which benefited most from Panmure Gordon's review of the sector to close 24 higher at 513p.

Breweries adopted a firmer trend as investors reassessed the sector's prospects in the light of the Queen's speech. Modest gains were noted for Whitbread A, 356p, and for Allied-Lyons, 430p, the latter currently regarded by Chase Manhatten Securities as "one of the cheapest stocks in the market." Scottish and Newcastle, scheduled to reveal preliminary figures on July 6, attracted fresh support and put on 8 more to 259p; the strength of the shares directed speculative interest to S & N former bid target Matthew Brown which was marked up 16 to 651p. Elsewhere in regionals, Marstons produced a set of annual figures generally seen as "uninspiring," but support from a single source lifted the shares 4 to 153½p.

In the Building sector, Marley firmed 3 to 184p, a two-day rise of 12½, following publicity given to a broker's circular. Blue Circle edged up 6 to 501p. Occasional speculative buying helped George Wimpey improve a few pence to 250p, while persisting takeover rumours left Barratt Developments a shade dearer at 217p. RMC edged higher following a broker's lunch but eventually closed a penny off at 489p. Secondary issues displayed several noteworthy bright spots including Vibroplant, 80 higher at 760p, in a restricted market. Bleckleys were 45 higher at 645p, also in a limited market, following a broker's circular, while Ward Holdings advanced 34 to 720p. On the other hand Wiggins ran into scrappy selling and shed 10 to 254p.

ICI, which announced the sale of the speciality Stauffer chemical businesses earlier in the week, firmed ⅛ to £15⅟₁₆.

Dealings in European Home Products, the sewing machine distributor, were suspended at 248p as the group confirmed the purchase of Scholl International from Schering-Plough for $130m plus $30m of inter-company debt. The deal is to be partially satisfied by a £48.8m rights issue.

Elsewhere in Stores, Lanca, still benefiting from the boardroom appointments, hardened 6 for a two-day gain of 17 at 85p. Stead and Simpson rose 18 to 134p on further consideration of the annual results, but Ryman, still awaiting bid developments, dipped 14 to 168p.

Among the Electrical leaders, Thorn EMI encountered investment support and closed 27 to the good at 761p. Plessey were briskly traded before settling 4½ cheaper at 229p; the company announced yesterday that it is in discussions with a number of parties regarding the possible sale of its connector business. Elsewhere, Volex still benefiting from the recent results, improved 10 further to 383p. IBL edged up a few pence to 65p on the proposed sale of its personal computer operations for £2.5m.

Leading Engineers were again featured by GKN which advanced 19 more to 365p in a volume of 4m shares amid continuing rumours of a possible bid from BTR.

Elsewhere in the sector, S. W. Wood jumped 21 to 145p on news of the option given to certain directors of Braemar Trading, a private steel and non ferrous metal company, to purchase the chairman's 60 per cent holding in SWW at 80p per share. The option is exercisable any time within the next ten weeks and is conditional on an offer for the share capital of SWW not later than six weeks from yesterday. Richards (Leicester), still responding to the change in stakeholding announced earlier in the week, advanced 5 more to 150p. Wm Cook firmed a similar amount to 147p following the preliminary figures.

Argyll Group, hard hit on Thursday in the wake of the company's "conservative" accounting move and £208m rights issue, staged the almost inevitable rally to finish 11 dearer at 450p. Other leading retailers, however, continued to trade nervously amid thoughts that Argyll's move would set the example for the rest of the sector. Tesco, currently involved in a new store development programme, dipped 6 more to 566p despite the encouraging tenor of the chairman's address at the annual meeting. ASDA-MFI, on the other hand, responded afresh to sizeable speculative demand and closed another 4 up at 193p.

Manufacturers highlighted Cadbury Schweppes which improved 8 to 278p amid substantial US arbitrage activity. Ranks Hovis Macdougall, were down to 337p at one stage on news that Goodman Fielder, widely touted as a likely predator for the group, has tendered for a A$100m stake in another "down-under" concern; RHM attracted useful support for the new Account, however, and rallied to close only 8 lower on balance at 341p. United Biscuits, rated a "buy" by Chase Manhattan Securities, put on 8 to 328p, but J. England, full-year figures expected next Monday, ran back a similar amount to 180p. Diminishing takeover prospects prompted fresh weakness in E. T. Sutherland, finally 4 off at 86p.

Ladbroke reacted 10½ to 416p as yet another round of adverse rumours circulated through the market. None appeared to have any foundation. Ladbroke had earlier announced the sale of its Rodeway Inns franchise in the US to Ramada for $20m.

Late support left Pilkington 10 better on the day at 944p. However, there was little worthy of note in other leading miscellaneous Industrials, although Reed drifted back further to 574p before settling 2 cheaper on balance at 581p in the absence of any takeover developments.

London International met with selling and closed 19 lower at 316p following a report that Richard Branson, the head of Virgin Airlines, is about to launch a campaign to promote the distribution and sale of cut-price condoms.

Christies International, in contrast, advanced 18 to 551p on persistent demand which prompted a revival of bid rumours. Syltone rose 18 to 272p in belated response to the preliminary figures, while Bluebird Toys, still reflecting news of the acquisition of Peter Pan Playthings, improved 15 further to 433p. Reuters met with persistent US support and put on 25 more to 851p. The rise was also accompanied by talk of a possible traded options quotation. Bumper interim figures and the announcement of a rights issue of 5½ per cent Convertible Preference shares to raise approximately £40.2m left Crest Nicholson 8 to the good at 283p. Reed Executive, scheduled to reveal preliminary figures next Wednesday, advanced 15 more to 850p. Metal Box were noteworthy for a gain of 13 at 283p, while Sterling Industries, in which the Cazer Trust holds a controlling stake, advanced 29p to 240p. Wyndham Group continued to advance strongly following the recent announcement of preliminary figures and the acquisition of Buffouter, closing 12 higher at 238p.

Among Leisure issues, Avesco were re-quoted at 110p and advanced to 131p following details of the acquisition of Cameron Communications. Barr and Wallace Arnold Trust A attracted revived demand and put on 33 to 225p.

Bemrose continued in demand following reports of an institutional visit to the company and put on 12 more to 304p. WPP closed little altered at £10 11/16; JWT were quoted at £32¾, up ⅛—as the company requested a halt to trading in its stock and subsequently announced an agreed merger with WPP.

The re-rating of leading Property shares continued apace in the wake of Pearson's City of London property deal in which the latter sold the Financial Times building to a Japanese construction group for some £143m cash. Persistent demand on the prospect of rising site values boosted Land Securities 14 more to 562p and MEPC 20 to 555p. Great Portland Estates firmed 9 afresh to 303p and Hammerson A advanced 28 to 678p. Greycoat continued to reflect the better-than-expected results with a further gain of 6 to 424p. Elsewhere, Slough Estates found support at 289p, up 9, while Local London rose 40 to 830p following Press mention. London Securities were in demand at 90p, up 7, while Parkdale, still boosted by the impressive annual figures, gained 20 more to 183p.

An otherwise subdued session in Shippings was highlighted by Mersey Docks which responded to revived and persistent enquiry to close 24 up at a new high of 110p.

Rothmans featured a fresh rise of 36 at 360p in response to the bumper preliminary figures. Elsewhere in Tobaccos, Bats came to life with a rise of 12 at 599p. Among Textiles, Drummond, a poor market earlier in the week following disappointing preliminary figures, rallied to close 10 better at 215p.

Oils took an optimistic view of the possible outcome of the current Opec meeting. Support was forthcoming for the majors on hopes of production cutbacks to further bolster crude prices. British Petroleum moved up 8 to 379p, while Shell hardened 3/16 to £14⅟₁₆. British Gas touched 182p prior to closing 2 dearer on balance at 179p. Burmah revived with a gain of 16 at 579p, while LASMO rose 16½ to 314p and Enterprise put on 17 to 292p. Tricentrol firmed 6 to 108½.

Overseas Traders enjoyed some overdue activity. Polly Peck featured with a gain of 17 to 297p following the colour television deal with Bush Radio. Harrisons and Crosfield, a firm market of late behind the firm palm oil price, attracted revived support in a narrowing market and closed another 13 to the good at 618p—a rise of 28 on the week. Inchcape hardened a few pence to 735p in sympathy.

Gold mining stocks had a very sluggish session, with the producer issues gaining no benefit from an uptick in New York bullion prices. The new trading account in the London market started quietly, with little sign of interest from domestic investors. The FT Gold Mines index edged up by 0.3 to 376.2.

Traded Options

Demand for traded options remained at a relatively low ebb. Total contracts struck amounted to 42,993 with the FT-SE 100 index contributing 1,997 calls and 1,647 puts. British Gas again attracted the lion's share of operators' interests with 4,932 calls and 1,428 puts transacted.

Traditional Options

- First dealings June 8
- Last dealings June 19
- Last declaration Sept 10
- For Settlement Sept 21

For rate indications see end of Unit Trust Service

Money was given for the call of Clyde Petroleum, Stewart Wrightson, Ryan International, Border TV, Associated British Engineering, Horace Cory, Control Securities, Property Trust, Retaprint, Bejam, Wheway, Aran Energy, Bridon, Hanover Druce, Mountleigh, Raine Industries, Westwood Dawes, Trencherwood, Amber Day, Benjamin Priest, Trimoco, Blacks Leisure, Central and Sheerwood, Westland and Rolls-Royce. Puts were arranged in Unigroup and First National Finance, while double options were transacted in Sound Diffusion, Westland, Hyman and Chloride.

LONDON TRADED OPTIONS

[illegible]

NEW HIGHS AND LOWS FOR 1987

[illegible]

LONDON STOCK EXCHANGE

DEALINGS

Details of business done shown below have been taken with consent from last Thursday's Stock Exchange Official List and should not be reproduced without permission.

Details relate to those securities not included in the FT Share Information Services.

Unless otherwise indicated prices are in pence. The prices are those at which the business was done in the 24 hours up to 5 pm on Thursday and settled through the Stock Exchange Talisman system, they are not in order of execution but in ascending order which denotes the day's highest and lowest dealing prices.

For those securities in which *no business was recorded in Thursday's Official List* the latest recorded business in the four previous days is given with the relevant date.

‡ Bargains at special prices. ◆ Bargains done the previous day. Δ Bargains done with non-member or executed in overseas markets.

Corporation and County Stocks No. of bargains included 7

Greater London Council 6½% Stk 90/92 - £91½ 2 (24Je87)
Lincoln Corp 3% Red Stk 1919(or after) - £26
Liverpool Corp 3% Red Stk 1942(or after) - £25 (22Je87)

UK Public Boards

Foreign Stocks, Bonds, etc-(coupons payable in London)

United Mexican States 16½% Ln Stk 2008(Reg) - £102½◆ 3½‡◆

Banks and Discount Companies
No. of bargains included 1749

Bank of Ireland(Governor & Co of)7% Ln Stk

Breweries and Distilleries

Commercial, Industrial, etc

Sterling Issues by Overseas Borrowers

Registered Housing Associations

Financial Trusts, Land, etc

Insurance

Investment Trusts

Property

Mines – Miscellaneous

Mines – South African

Oil

Plantations

Unit Trusts

Railways

Shipping

Utilities

Water Works

USM Appendix

The Third Market Appendix
No. of bargains included 115

Amercoeur Energy PLC New Ord 10p (Fp/AL-24/7/87) - 77 8 9 80 1 2 3
Oodies (10p) 18½ 9 20 1
Red Rose Radio ANV (10p) 110 5
Stiro Newspapers (£1) 290 305 (19/6)
UTC Trading Corp (5p) 55 60 5 (24/6)
Weetabix A 273 7
Wassch (5p) 82 (24/6)
Wolverhampton Racecourse (New) 48 (24/6)
Greenstar Hotels (10p) 27½ (23/6)
Jersey Gas (£1) 300 (23/6)
Kunick Leisure (10p) 36 7 8 9
Le Riches Stores (£1) 465 (24/6)
Lincolnshire Std 400 (24/6)
Manchester Utd FC (£1) 380 (19/6)
Norton Villiers Triumph (1p) 5 6
Do. New (1p) 5 ½ (23/6)
Abbey Nat Bldg Soc 10⅛pcBds 22.7.87 £99.973039 (19/6)
Anglo-Am Agric 68 73 (19/6)
Ann St Brewery (£1) 750 (23/6)
Do. Prf (£1) £10 50 (23/6)
Barbican Hldgs (1p) 4 ½ ¾ 5 (24/6)
Bolton Hse Invs (5p) 75 8 9 (19/6)
Channel Islands Comms 425 (23/6)
Dart Valley Light Rlwy (£1) 185 (19/6)
Dawson (Wm) (10p) 620 30 (22/3)

SPECIAL LIST
RULE 535 (4) (a)

Bargain marked in securities where principal market is outside the UK and Republic of Ireland. Quotation has not been granted in London and dealings are not recorded in the Official List.

ACI International 174 (24/6)
Abitibi-Price £16 2 (22/6)
Acmex Holdings 265◆ (23/6)
Acorn Securities 100◆ 2◆ 93 5 7 8‡ 9‡ 100 01‡
Airship Inds 30◆ 42◆ 36 7 8 9 40 1 2
Algoma Central Railway £10 2 (22/6)
Amatil 358
American Barrick Resources Corp Com NPV, 950
Ames Department Stores £14⅝ (24/6)
Amsterdam-Rotterdam Bank Fl75½ 7 6 ¼
Anglo-Alpha 300◆ 270
Aust Development 195◆ (24/6)
Aust Foundation Inv 53½ (19/5)
Bamboo Gold Mines 8 (19/6)
Black Hill Minerals 16◆ 15 (23/6)
CSF (Thomson-CSF) FFr1335◆ Frr 1300 15
Central Norseman Gold A$2.658 2.708 (24/6)
Central Victoria Gold Mines 11◆ (24/6)
Conex Aust 4½
Daicel Chemical Industries Y683 686.12
Development Bank of Singapore S$14.55 .6 .65
Dulker Exploration 400 (23/6)

Continued on page 14

WORLD MARKETS

FT-ACTUARIES WORLD INDICES

Jointly compiled by the Financial Times, Goldman, Sachs & Co., and Wood Mackenzie & Co. Ltd., in conjunction with the Institute of Actuaries and the Faculty of Actuaries

NATIONAL AND REGIONAL MARKETS	THURSDAY JUNE 25 1987					WEDNESDAY JUNE 24 1987			DOLLAR INDEX		
Figures in parentheses show number of stocks per grouping	US Dollar Index	Day's Change %	Pound Sterling Index	Local Currency Index	Gross Div. Yield	US Dollar Index	Pound Sterling Index	Local Currency Index	1987 High	1987 Low	Year ago (approx)
Australia (94)	132.29	+0.5	121.63	122.17	3.23	131.66	120.38	121.85	140.95	99.92	84.17
Austria (16)	85.92	−0.7	79.00	81.50	2.31	86.49	79.08	81.88	101.62	85.71	85.44
Belgium (47)	120.97	+1.6	111.23	113.21	4.21	119.04	108.84	111.41	123.62	96.19	80.04
Canada (127)	127.44	+0.7	117.17	122.73	2.36	126.59	115.74	122.23	136.17	100.00	99.00
Denmark (39)	118.95	−0.7	109.36	111.26	2.49	119.80	109.53	111.81	124.10	98.18	94.76
France (122)	104.87	−1.1	96.42	100.35	2.77	106.00	96.92	101.14	121.82	98.39	82.31
West Germany (90)	96.60	+0.9	88.81	91.80	2.04	95.73	87.53	90.71	100.33	84.00	82.60
Hong Kong (45)	119.70	−1.3	110.06	119.98	2.87	121.30	110.90	121.58	121.30	96.89	71.33
Ireland (14)	129.76	−0.1	119.30	124.76	3.60	129.82	118.70	124.40	131.86	99.50	86.53
Italy (76)	99.52	−0.4	91.50	98.26	1.85	99.94	91.38	98.41	112.11	94.76	80.34
Japan (458)	147.54	+0.0	135.65	136.44	0.50	147.55	134.91	135.24	161.28	100.00	80.50
Malaysia (36)	171.11	+0.5	157.32	166.25	2.28	170.29	155.70	165.24	172.55	98.24	89.13
Mexico (14)	249.28	−2.2	229.19	363.71	0.61	254.97	233.13	371.19	268.91	99.72	50.13
Netherland (38)	121.14	+0.2	111.38	113.84	3.90	120.88	110.52	113.16	121.14	99.65	90.03
New Zealand (27)	98.63	+0.5	90.68	89.19	3.06	98.11	89.71	88.75	100.59	83.93	70.92
Norway (24)	137.26	−0.7	126.20	124.78	2.02	138.28	126.43	125.47	140.05	100.00	101.45
Singapore (27)	145.61	+0.4	133.88	142.29	1.74	144.97	132.55	141.39	145.61	99.29	79.20
South Africa (61)	156.80	−0.1	144.17	116.21	3.55	156.93	143.48	116.31	186.74	100.00	75.64
Spain (43)	121.54	+0.4	111.75	116.38	3.39	121.09	110.72	115.54	121.54	100.00	83.16
Sweden (33)	113.30	−0.8	104.17	107.01	2.17	114.17	104.39	107.54	124.68	90.85	87.68
Switzerland (51)	98.58	+0.8	90.63	92.80	1.85	97.80	89.42	91.61	104.06	92.01	83.35
United Kingdom (335)	147.32	−0.8	135.45	135.45	3.18	148.44	135.72	135.72	151.46	99.65	99.96
USA (592)	126.40	+0.7	116.21	126.40	2.86	125.55	114.79	125.55	126.68	100.00	104.05
Europe (928)	120.84	−0.3	111.11	113.42	2.84	121.17	110.79	113.24	121.71	99.78	89.63
Pacific Basin (687)	145.91	+0.0	134.16	135.23	0.66	145.93	133.43	134.13	158.64	100.00	80.34
Euro—Pacific (1615)	135.94	−0.1	124.98	126.52	1.44	136.08	124.42	125.79	143.34	100.00	84.01
North America (719)	126.45	+0.7	116.26	126.22	2.84	125.60	114.84	125.38	126.70	100.00	103.78
World Ex. US (1817)	135.93	−0.1	124.98	131.24	1.50	136.04	124.38	130.50	143.09	100.00	84.42
World Ex. UK (2074)	130.69	+0.3	120.16	125.66	1.87	130.29	119.13	124.79	133.55	100.00	91.38
World Ex. So. Af. (2348)	132.02	+0.2	121.38	126.62	1.99	131.75	120.46	125.85	134.83	100.00	92.21
World Ex. Japan (1951)	124.83	+0.3	114.82	121.65	2.85	124.49	113.82	121.11	124.88	100.00	97.66
The World Index (2409)	132.17	+0.2	121.53	126.56	2.01	131.91	120.61	125.80	134.97	100.00	92.11

Base values: Dec 31, 1986 = 100

Latest prices unavailable for this edition.

EUROPEAN OPTIONS EXCHANGE

Series		Aug 87 Vol.	Last	Nov 87 Vol.	Last	Feb 88 Vol.	Last	Stock
GOLD C	$460	99	8.50	—	—	—	—	$444.25
GOLD P	$400	20	1.50	18	4.50	—	—	"
GOLD P	$420	44	3.90	—	—	—	—	"
GOLD P	$460	12	21.90	—	—	—	—	"
GOLD P	$480	119	42.50	—	—	—	—	"
		Sep 87		Dec 87		Mch 88		
SILVER C	$700	—	—	2	100	—	—	$695
SILVER C	$750	—	—	—	—	5	110	"
SILVER C	$800	—	—	2	60	—	—	"
SILVER P	$700	—	—	—	—	4	100	"
		Jul 87		Aug 87		Sep 87		
£/FL C	Fl.335	—	—	1	3.50	—		Fl.331.51
£/FL P	Fl.330	3	8.90	—	—	—	—	"
$/FI C	Fl.200	—	—	1	6.50	—	—	Fl.205.46
$/FI C	Fl.205	—	—	11	3.80A	1	4.20	"
$/FL C	Fl.210	—	—	57	1.60	1	2.10	"
$/FL P	Fl.205	11	1.70B	1	3.20	1	4.20	"
		Dec 87		Mch 88		Jun 88		
$/FI C	Fl.200	3	8.30	—	—	—	—	Fl.205.46
$/FI C	Fl.205	47	5.60	10	7	—	—	"
$/FI C	Fl.210	31	3.80	—	—	1	5.70A	"
$/FI C	Fl.220	10	0.80	—	—	—	—	"
$/FI C	Fl.225	9	0.80	—	—	—	—	"
$/FI P	Fl.200	10	4.50	—	—	—	—	"
		July 87		Oct 87		Jan 88		
ABN C	Fl.500	260	3.10	501	13	38	20	Fl.480.50
ABN P	Fl.480	134	6	128	18.50	35	20	"
AEGON C	Fl.95	201	2.80	376	5.30	36	7.80	Fl.95.80
AEGON P	Fl.95	19	1.50	69	3.50	12	4.70	"
AHOLD C	Fl.95	151	8.20	41	9.20	9	10.50	Fl.103
AHOLD C	Fl.95.50	45	7.50	—	—	2	10.50B	"
AHOLD P	Fl.100	30	2.30	3	3.80	—	—	"
AKZO C	Fl.150	4928	6.20	1460	11.40	373	14.50	Fl.154.40
AKZO P	Fl.140	120	0.30	640	2	50	4	"
AMEV C	Fl.65	34	1.90	54	4.50	55	5.80	Fl.66
AMEV P	Fl.60	30	0.50	5	1.50	—	—	"
AMRO C	Fl.75	655	3.10	470	5	6	6.70B	Fl.77.10
AMRO P	Fl.75	23	0.80	130	2.60	2	3.50	"
ELSEVIER C	Fl.54	610	2.30	475	4.60	—	—	Fl.55.10
ELSEVIER P	Fl.52	110	0.70	262	2.10B	—	—	"
GIST-BROC. C	Fl.50	325	0.70	459	2	190	2.90	Fl.147.50
GIST-BROC. P	Fl.45	84	0.40	326	2.10	70	2.80	"
HEINEKEN C	Fl.180	341	4	76	8.50	2	10.50	Fl.179.70
HEINEKEN P	Fl.180	11	3	171	6.50	—	—	"
HOOGOVENS C	Fl.40	772	5.30	205	6.90	3	8	Fl.45
HOOGOVENS P	Fl.45	191	1.90	328	3	86	3.80	"
KLM C	Fl.55	102	0.50	445	1.70	59	3.10	Fl.51.80
KLM P	Fl.50	17	0.70	385	2.60	7	3.30	"
NEDLLOYD C	Fl.150	123	4.40B	53	8.50	25	11.50	Fl.150.50
NEDLLOYD P	Fl.150	19	3	18	7	1	9.20	"
NAT.NED. C	Fl.75	194	1.90	428	4	56	5.90	Fl.74.40
NAT.NED. P	Fl.75	35	2.20	94	4	4	4.20	"
PHILIPS C	Fl.50	864	2.40	389	4.50A	108	5.60	Fl.51.90
PHILIPS P	Fl.55	23	3.20	236	4	38	5	"
ROYAL DUTCH C	Fl.270	1216	2.20B	363	7	22	10.80	Fl.264.20
ROYAL DUTCH P	Fl.260	473	2.40	92	7.50B	100	9.50	"
ROBECO C	Fl.105	—	—	25	4	23	5.60B	Fl.107.20
ROBECO P	Fl.110	—	—	3	3.20	—	—	"
UNILEVER C	Fl.680	288	14	78	38.50	9	50	Fl.683
UNILEVER P	Fl.660	190	4	39	13.90	1	20	"

TOTAL VOLUME IN CONTRACTS: 65,706

A=Ask B=Bid C=Call P=Put

TRADING VOLUME IN MAJOR STOCKS

The following is based on trading volume for Alpha securities dealt through the SEAQ system yesterday until 5 pm.

Stock	Volume 000's	Closing price	Day's change	Stock	Volume 000's	Closing price	Day's change
ASDA-MFI	10,000	193	+4	Ladbroke	6,100	416	−10½
Allied Lyons	1,700	430	+3	Land Securities	1,700	562	+14
Amstrad	2,600	177	−3	Legal & Gen.	417	350	—
Argyll Group	7,200	450	+11	Lloyds Bank	1,000	579	−6
Assoc. Brit. Foods	126	398	—	Lonrho	941	265½	−2
BAT	1,800	599	+12	MEPC	1,400	555	+20
BET	1,500	300	—	Marks & Spencr	8,100	247	−4
BOC	865	500	+1	Midland Bank	801	623	+8
BPB Inds	412	810	—	NatWest Bank	857	734	+9
BPCC	3,700	326	+9	Next	1,800	340	+3½
BTR	2,300	319	−2	Pearson	1,200	705	+4
Barclays	1,600	595	—	P & O	953	717	+6
Bass	97	£10⅛	+⅛	Pilkington Bros	1,100	944	+10
Beecham	2,000	559	−2	Plessey	11,700	229	−4½
Blue Circle	1,500	501	+6	Prudential	255	£10⅛	+⅛
Boots	1,300	292	—	Racal	11,000	275	+1
Brit. Airways	6,000	150	−3	Rank Org	423	783	−1
Brit. Aero	2,000	539	+3	RHM	2,900	341	−6
Brit. & Comm.	131	468	−1	Reckitt & Col	83	£11¼	+⅛
British Gas	21,000	179	+2	Redland	375	527	−1
Britoil	3,400	312	+8½	Reed Intl.	1,500	581	−2
BP	15,000	379	+8	Reuters	1,300	851	+25
Brit. Telecom	9,700	295	−3½	RMC	687	489	−1
Bunzl	1,600	270	−6	RTZ	308	£10⅛	+⅛
Burton	1,100	314	+3	Rolls-Royce	9,800		
Cable & Wire	5,400	390	—	Rowntree Mac	576	525	+5
Cadbury Schwps	4,800	278	+8	Ryl Bank Scotland	99	366	+5
Coats Viyella	479	695	−3	Royal Insurance	2,200	515	+24
Comm. Union	979	353	+1	STC	1,100	304	+2
Cons. Gold	4,800	£10⅞	+⅛	Saatchi & Saatchi	567	657	+2
Cookson	216	715	−2	Sainsbury	469	579	—
Courtaulds	481	472	+3	Scott & Newcastle	1,900	259	+8
Dee Corpn	4,700	227	−1	Sears	5,600	156	−2
Dixons Grp	2,500	375	—	Sedgwick	2,600	313	+7
English China Clays	95	471	—	Shell Trans	4,300	£14⅛	+⅛
Fisons	1,500	382	−9	Smith & Nephew	1,300	179	+1
Gen. Accident	569	£10¾	+⅛	Standard Chart	658	763	+10
Gen. Elect	6,500	239	−1	Storehouse	2,000	298	+7
Glaxo	1,000	£17⅛	−⅛	Sun Alliance	649	£10	—
Globe Investment	267	179½	—	TSB	8,500	91¼	−2½
Granada	2,600	354	+8	Tarmac	534	300	−1
Grand Met	1,400	545	+9	Tesco	1,400	566	−6
Gus "A"	133	£19⅛	−⅛	Thorn EMI	5,100	761	+27
Guardian R.E.	715	£10⅝	+⅛	Trafalgar House	1,700	391	+1
GKN	3,900	365	+19	T'house Forte	2,400	252	—
Guinness	2,900	364	−2	Unigate	880	415	—
Hanson Trust	15,000	175½	+1	Unilever	483	£33⅝	+⅛
Hawker Sidd	468	539	+3	United Biscuits	2,900	328	+8
Hillsdown Hldgs	2,100	300	+1	Wellcome	869	432	−7
ICI	1,000	£15⅛	+⅛	Whitbread "A"	1,000	356	+5
Jaguar	937	547	+8	Woolworth	1,100	406	+6

LEADERS AND LAGGARDS

Percentage changes since December 31 1986 based on Thursday June 25 1987

Packaging and Paper	+59.93	Capital Goods	+36.68
Property	+56.09	Other Groups	+35.51
Health and H'sehold Products	+54.19	Overseas Traders	+35.35
Metals and Metal Forming	+48.19	Electricals	+35.15
Oils and Gas	+47.41	Telephone Networks	+34.16
Textiles	+47.41	Motors	+34.11
Mining Finance	+45.87	Insurance (Composite)	+32.05
Agencies	+45.52	Other Industrial Materials	+31.96
Contracting, Construction	+44.35	Food Retailing	+31.84
Shipping and Transport	+44.21	Insurance (Life)	+31.40
Building Materials	+42.85	Financial Group	+31.30
Publishing and Printing	+42.40	Stores	+28.63
Food Manufacturing	+39.06	Conglomerates	+27.67
500 Share Index	+38.64	Mechanical Engineering	+27.49
Chemicals	+38.62	Brewers and Distillers	+26.66
Leisure	+38.59	Gold Mines Index	+26.06
Consumer Group	+38.43	Investment Trusts	+24.17
Electronics	+38.07	Banks	+20.80
Industrial Group	+37.20	Merchant Banks	+15.48
All-Share Index	+36.91	Insurance Brokers	+11.17

RISES AND FALLS ON THE WEEK

	Yesterday Rises	Falls	Same	On the week Rises	Falls	Same
British Funds	14	95	3	210	331	21
Corporations, Dom. and Foreign Bonds	3	20	36	45	90	160
Industrials	563	430	561	2,536	2,313	2,927
Financial and Props.	272	69	257	1,112	558	1,320
Oils	36	28	50	157	166	247
Plantations	3	0	11	16	11	43
Mines	47	80	61	228	352	360
Others	101	59	98	427	351	494
Totals	1,039	781	1,077	4,731	4,172	5,572

BASE LENDING RATES

	%		%		%
ABN Bank	9	• Charterhouse Bank	9	Nat Bk. of Kuwait	9
Adam & Company	9	Citibank NA	9	NatWestminster	9
Allied Arab Bk Ltd	9	City Merchants Bank	9	Northern Bank Ltd	9
Allied Dunbar & Co	9	Clydesdale Bank	9	Norwich Gen. Trust	9
Allied Irish Bank	9	Comm. Bk. N. East	9	PK Finans. Intl (UK)	10
American Exp. Bk	9	Consolidated Cred	9	Provincial Trust Ltd	10
Amro Bank	9	Co-operative Bank	*9	R. Raphael & Sons	9
Henry Ansbacher	9	Cyprus Popular Bk	9	Roxburghe G'rantee	9½
ANZ Banking Group	9	Duncan Lawrie	9	Royal Bk of Scotland	9
Associates Cap Corp	9	Equat'l Tst C'p plc	9	Royal Trust Bank	9
Authority & Co Ltd	9	Exeter Trust Ltd	9½	Smith & Williams Secs	9
Banco de Bilbao	9	Financial & Gen. Sec	9	Standard Chartered	9
Bank Hapoalim	9	First Nat. Fin. Corp	10	Trustee Savings Bank	9
Bank Leumi (UK)	9	First Nat. Sec. Ltd	10	UDT Mortgage Exp	¶11.1
Bank Credit & Comm	9	• Robert Fleming & Co	9	United Bk of Kuwait	9
Bank of Cyprus	9	Robert Fraser & Ptrs	10	United Mizrahi Bank	9
Bank of Ireland	9	Girobank	9	Unity Trust PLC	9
Bank of India	9	Grindlays Bank	‡9	Western Trust	9
Bank of Scotland	9	• Guinness Mahon	9	Westpac Bank Corp	9
Banque Belge Ltd	9	HFC Trust & Savings	9	Whiteaway Laidlaw	9½
Barclays Bank	9	• Hambro Bank	9	Yorkshire Bank	9
Benchmark Tst Ltd	9	Heritable & Gen. Tst	9		
Beneficial Trust Ltd	10	• Hill Samuel	§9		
Berliner Bank AG	9	C. Hoare & Co	9		
Brit Bk of Mid East	9	Hongkong & Shangh	9		
• Brown Shipley	9	Lloyds Bank	9		
Business Mtge Tst	9	Meghraj & Sons Ltd	9		
CL Bank Nederland	9	Midland Bank	9		
Canada Permanent	9	• Morgan Grenfell	9		
Cayzer Ltd	9	Mount Credit Corp. Ltd	9		

• Members of the Accepting Houses Committee. * 7-day deposits 4%. Savewise 6.66%. Top Tier—£2,500+ at 3 months' notice 7.97%. At call when £10,000+ remains deposited. ‡ Call deposits £1,000 and over 4½% gross. § Mortgage base rate. ¶ Demand deposit 3.99%. Mortgage 11.25%.

Continued from page 13

Du Pont (E.I.) De Nemours £73¼
Eastcourt 22 (22/6)
Email Ord 120 (22/6)
Emu Hill Gold Mines 10 (22/6)
Fraser & Neave S$10.945
Generale Occidentale FFr 1113.096
Golconda Minerals A$1.111 (19/6)
Golbelt Mines C$2½ф
Grants Patch Mining A$0.596
Greenbushes Tin 41 (24/6)
Hexcel Corp £29ф (22/6)
Hill 50 Gold Mines 70ф
Hooker Corp A$3.4 (23/6)
Horizon Pacific 23½
Hysan Development $0.17ф
Invincible Gold NL Ord A$0.30 (A$0.20) 21
Japan Fund $21ф (24/6)
Jones Mining (SA0.20) 28ф (23/6)
Keystone Intnl $21
Kuala Sidim Rubber 57 (24/6)
Kulim Malaysia Ord 47ф 47 (22/6)
Malayan Cement 49 (24/6)
Matsushita Elec Inds Y2240ф, 50ф 300ф $15.52 Y2270, 7.8
McCarthy Group R8.35
Mid-East Mins 38ф (24/6)
Minolta Camera Co Y695 (23/6)
Mitsubishi Heavy Inds Y575 6 80 2.01 (23/6)
Mt Martin Gold Mines 50ф (23/6)
NZ Forest Products 125 (24/6)
Nat Electronics (Consld) 6½ф
Nat Fuel Gas Co £13¾ (23/6)
Nationale-Nederlanden CVA Fl 2.5-Fl74½ф £22.06, Fl74.8 75½
New Zealand Goldfields A$3.715ф NZ$4.65ф (23/6)
Niagra Share Corp £11 (23/6)
North Flinders Mines 510 (19/6)
Oil Search 63ф 55 60 1 3 (24/6)
Pan Australian Mining 135 (24/6)
Pioneer Electronic Corp Y3049.43
Playmates Hldgs $0.22 HK$1.594 (24/6)
Poseidon 207ф 207 10
Pretoria Portland Cement 280ф (23/6)
Povey Corp 18 (24/6)
Range Resources 22
Regal Hotels (Hldgs) HK$2.865 (24/6)
Royex Gold Mng Corp 230
Schering-Plough Corp £30 (22/6)
Selangor Coconuts 62ф
Selangor Properties S$5.2 .06ф (23/6)
Smithkline Beckman Corp $60.3ф 60.4ф 60.92ф (19/6)
Societe Nationale Elf Aquitaine FFr 363.5 .085 .9
Source Perrier FFr 730 8.15
Southland Corp $66¼ф
Sun Hung Kai HK$3.578
Swire Pacific B HK$23.45 (24/6)
Tandem Res 70ф
Target Pet 33ф 78 (24/6)
Target Pet (SA0.15) 16ф 17
Valiant Consolidated 13 14 (24/6)
Vuitton (Louis) Fr1035 37
Westfield Minerals 120ф
Wong Industrial Hldgs $0.3ф HK$2.259 (24/6)

RULE 535 (3)

Dealings for approved companies engaged solely in mineral exploration

Andaman Res (10p) 82 (23/6)
Kenmore Oil Explor (IR£0.25) 37

(By permission of The Stock Exchange)

BANK RETURN

BANKING DEPARTMENT	Wednesday June 24, 1987	Increase (+) or decrease (−) for week
LIABILITIES	£	£
Capital	14,553,000	—
Public Deposits	82,746,575	+ 1,139,822
Bankers Deposits	920,565,017	+ 14,240,115
Reserve and other Accounts	1,725,819,543	− 54,904,141
	2,743,684,135	− 39,524,204
ASSETS		
Government Securities	456,086,717	− 21,171,874
Advance and other Accounts	745,082,437	− 228,773,527
Premises Equipment & other Secs	1,531,319,437	− 211,426,950
Notes	10,947,878	− 986,331
Coin	247,666	− 19,422
	2,743,684,135	− 39,524,204
ISSUE DEPARTMENT		
LIABILITIES	£	£
Notes in Circulation	12,959,052,122	+ 60,986,331
Notes in Banking Department	10,947,878	− 986,331
	12,970,000,000	+ 60,000,000
ASSETS		
Government Debt	11,015,100	—
Other Government Securities	9,591,648,795	− 1,696,327,486
Other Securities	3,367,336,105	+ 1,756,327,486
	12,970,000,000	+ 60,000,000

FT UNIT TRUST INFORMATION SERVICE

AUTHORISED UNIT TRUSTS

Abbey Unit Tst. Mngrs. (a)

Allied Dunbar Unit Trusts PLC (a)(g)

Brown Shipley & Co Ltd (a)(g)

FS Investment Managers Ltd

Henderson Administration—Contd.

FT UNIT TRUST INFORMATION SERVICE

Mercury Fund Managers Ltd (c)
33 King William St, EC4R 9AS 01 280 2060

American Growth	104 3	115 6	+0 8	0 61
(Accum Units)	114 5	121 1	+0 8	0 61
British Blue Chip Fund	51 9	54 9	+0 4	2.27
(Accum Units)	51 9	54 9	+0 4	2 27
American Sm Cos Fd	52 0	55 0	+0 2	0 44
(Accum Units)	52 0	55 0	+0 2	0 44
American Income	52.3	55.3	+0 6	3 30
(Accum Units)	57 0	60 3	+0 7	3.30
European Growth	141 1	149 3	+0.3	0 71
(Accum Units)	146.1	154.5	+0.3	0 71
European Income	79 3	83 9	-0 1	3 60
(Accum Units)	83 2	88 0	-0 1	3 60
General	363.2	384 3	+1 5	1.94
(Accum Units)	603.2	638.3	+2 4	1.94
Gilt	89.4	89 8	-0.2	7 40
(Accum Units)	106.3	106.8	-0 3	7 40
Global Fund	49 8	52 6	+0 0	0.69
(Accum Units)	49.8	52.6	+0.0	0 69
High Interest Fund	47.6	50.5	-0 1	8.95
(Accum Units)	48 1	51.0xd	+0.0	8 95
High Income Fund	51.9	54.9	+0.2	4.78
(Accum Units)	52 4	55.4	+0.3	4.79
Income	110.5	126 4	+1.5	3.55
(Accum Units)	137.0	144 9	+1.5	3.55
International	299.7	317.1	+1.8	1.21
(Accum Units)	375 0	396.8	+2.2	1.21
Japan	219.2	231 9	-0 7	0.56
(Accum Units)	255.0	270.0	-0.8	0.56
Pacific Fd	52.3	55.3	+0.1	0.10
(Accum Units)	52.3	55.3	+0.1	0.10
Recovery	304 0	321.6	+2.0	2.09
(Accum Units)	330.5	349 7	+2.2	2.09
UK Smaller Co's Fd	51.7	54.7	+0.1	1.82
(Accum Units)	51 7	54.7	+0.1	1.82
Exempt May 27	348.1	357.0	—	2.23
(Accum Units)	545.3	559.2	—	2.23

Metropolitan Unit Trust Mngrs Ltd
3 Darkes Lane, Potters Bar EN6 1AJ. 0707 45184

UK Income Fund	61.0	64.9	+0.4	4.63
Accum Units	61.0	64.9	+0.4	4.63
UK Growth Fund Acc.	62.8	66 8	+0 4	1.50
Global Income Fund	49.9	53 0	+0.2	3.77
Accum Units	49.9	53.0	+0.2	3.77
Global Growth Fund	46.5	49.5	—	0.50

Midland Bank Group UT Mngrs. Ltd
Courtwood House, Silver St, Head, Sheffield S1 3RD
Tel: 0742 769842

Capital	122.2	129.6	+1.0	1.36
(Accum Units)	167.2	177 9	+1.3	1.36
Commodity & Gen.	170.9	181.7	-0.5	1.56
(Accum Units)	244.0	258.9	-0.5	1.56
European Growth	126.5	134.1	+0.7	1.10
(Accum Units)	152.6	161.8	+0.9	1.10
Extra High Inc	73.6	78.3	+0.3	6.36
(Accum Units)	89.6	95.1	+0.3	6.36
Gilt & Fxd Int	55.3	57 7	—	8.99
(Accum Units)	96.4	100 7	—	8.99
High Yield	214.7	227 7	+1.6	4.30
(Accum Units)	379.6	402.8	+2.9	4.30
Income	245.7	260.6	+1.8	2.76
(Accum Units)	411 0	436.9	+2.9	2.76
Intl High St UT	56 1	59 6	+0.4	1.48
Do. Accum	56.1	59.6	+0.4	1.48
Japan and Pacific	352.4	373.8	-0.6	.19
(Accum Units)	370.2	392 7	-0.7	.19
Managed Portfolio Acc.	68.1	72.0	+0.4	1.56
North American	127.4	135.1	+0.5	1.35
(Accum Units)	153.8	163.3	+0.6	1.35
Smaller Cos.	196.5	208.4	+0.9	1.14
(Accum Units)	211.1	221.9	+1.0	1.14

MIM Britannia Unit Tst Mgrs Ltd (a)(c)(g)
74-78 Finsbury Pavement, London EC2A 1JD
Dealing Callfree 0800 010733.

UK Specialist Trusts

Growth Gilt	63.5	64.5	+0.0	0.36
Smaller Companies	236.4	252.2	+2.3	0.41
Special Features	143.6	153.2	+1.6	0.56
(Accum Units)	150.7	160.7	+1.6	0.57

General Funds

Assets & Earnings	67.4	71 9	+0.6	1.22
Accum Units	67 4	71.9	+0.6	1.22
Managed Invest Fund	65 6	70 0	+0.1	1.06
UK Growth	54.0	57.6	+0.8	0.95

High Income Funds

Extra Income	77 6	82 8	+0 6	4.80
Gilt	26.1	27.5xd	+0.0	8.74
Income & Growth	288.2	307 4	+1.2	2.89
National High Income	264.1	286 0	+2.0	2.59

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Prudential Unit Trust Mngrs Ltd (a) (b) (c)
51-69 Ilford Hill Ilford Essex IG1 2DL 01-478 3377
Holborn Line 0800 010-345

Holborn Comm Tst	77 9	82 3		0 37
Holborn Equity Income	69.6	73 6xd		3 5
Holborn Equity Tst	574 5	607 9		2.22
Holborn European Tst	113 9	120 5xd		0.04
Holborn Gilt Tst	215.2	224.2		2 12
Holborn High Inc Tst	85.0	89 9xd		4.8
Holborn Intl Grth Tst	117 7	124 5		0.7
Holborn Japanese Tst	134.4	142.2		0.04
Holborn N. Amer. Tst	42 1	47 4xd		0 50
Holborn Sml Cos Tst	75.3	79 6		1.46
Holborn Spec Sits Tst	98.3	104 0xd		1 4
Holborn UK Growth Tst	114.5	121.1		1.55

Quilter Management Co Ltd
31-45 Gresham Street, London EC2 01-600 4177

Quadrant Gen. Fd	659 1	697.5	+8.5	1.57
Quadrant Income	332.9	352.3	+3.3	4.07
Quadrant Intl Fund	442.0	467.8	+12.0	1.07
Quadrant Spec. Sits	428.2	453.2	+7.4	1.45

Reliance Unit Mgrs. Ltd
Reliance House, Tunbridge Wells, Kent 0892 510033

British Life	238.6	253.9	+1.9	2.26
Reliance Unit Tst (Inc)	163.0	173.3	+1.2	1.86
Reliance Ut Tst (Acc)	219.4	232.2	+1.5	1.86

Rensburg Fund Managers
Stildhouse Ct., Tithebarn St., Liverpool. 051-227 2030

Internat. Growth Trust	49.8	52 4	+0.1	1.5

N.M. Rothschild Fund Mgmt
St Swithin's Lane, London EC4 01-634 2981/4

NC America (Inc)	323.1	343.7	+1.7	.80
NC America (Acc)	352.8	375.3	+1.8	.80
NC Inc Fd	124 8	132 7	+1.5	2.83
NC Japan Fd	205.0	218.0	+0.2	—
NC Major UK Cos Fd	71.6	76.1	+1.6	1 56
NC Smllr Australasian	87.8	93.3	+0.5	.48
NC Smllr Canadian CoFd	48.4	51 4	+0.5	.99
NC Smaller Cos	229.7	244.3	+0.8	.93
NC Smaller European	191.6	203.8	+0.2	.46
NC Prop.*	155.3	169.5	—	6.1

*Unauthorised Unit Trusts

Rowan Unit Trust Mngt. (a)
33, King William St, London EC4R 9AS 01-638 5678

Merlin June 6	604.8	612.0	—	3.15

Royal Bank of Canada Fds.
RBC Trust Managers Limited.
1, London Wall, London EC2Y 5JX. 01-600 6222

RBC Select Gwth Acc.	79.5	84.5	+0 4	—
RBC Select Income	80.2	85.4	+0.1	—
RBC Select Inc Acc.	82.2	87 4	+0 1	—
RBC Select N American	52.4	55.7	+0.2	—
RBC Select Intnl	54.7	58.1	+0.0	—

Royal Life Fd Mgmt Ltd
PO Box 34, Peterborough PE2 0UE. 0733 230000

Equity Trust	85.0	89 9	+0 6	1.84
International Trust	91 5	96 8	+0.3	0 93
United States Trust	39.0	41.3	+0.2	0.85
Pacific Basin	57.5	60.8	—	0.15
Gilt Trust	27.2	28.6	—	8.54
Equity Gwth Accum	265 4	280 9	+2.8	0.88
Equity Growth Dist	187 6	198 6	+2.0	0.88
High Inc Accum	146 9	155 5	+1.1	1.10
High Inc Dist	121.8	128 9	+0 9	1.10
US Grwth Accum	68 9	73.0	+0.5	0.84
US Grwth Dist	67.3	71.3	+0.5	0.84

Royal London Unit Tst Mgrs Ltd
Royal Ldn Hse, Colchester CO1 1RA 0206 576115

American Growth	100.4	106.4	+0.1	0.45
European Growth	50.5	53 8	+0.8	0.93
Gilt Income	58 1	61.2xd	-0.1	8.45
High Income	113.6	120.9xd	+0.8	4.56
Income & Growth	136.2	144.9	+1.0	4.04
Intl Income	64.2	68.4xd	+0.9	4.38
Japan Growth	121.7	129.5	-0.5	0.03
Special Sits	173.6	184 7	+1.9	0.79
UK Growth	154.1	168.3	+0.7	1.45

Royal Trust Fund Management Ltd
3, Finsbury Sq, EC2A 1RT 01-638 3833

[illegible]

INSURANCES

[illegible]

FT UNIT TRUST INFORMATION SERVICE

Manufacturers Life Insurance—Contd.

Merchant Investors Assurance

Municipal Life Assurance Ltd

NEL Britannia Assce Co Ltd

NEL Pensions Ltd

NM Schroder Life Assurance Ltd

National Mutual Life

National Mutual of Australasia

National Provident Institution

NPI Pensions Management Ltd

Norwich Union Asset Management Ltd

Norwich Union Life Insurance Soc.

Pearl Assurance (Unit Funds) Ltd

Phoenix Assurance Co Ltd

Pioneer Mutual Insurance Co Ltd

Premium Life Assurance Co Ltd

Property Equity & Life Ass. Co

Property Growth Assur Co Ltd

Providence Capital Life Assc. Co Ltd

Provident Life Assoc Ltd

Provident Mutual Life Assc. Assn.

Provincial Life Assurance Co Ltd(z)

Prudential Assurance Co

Prudential Pensions Limited

Regency Life Assurance Co Ltd

Reliance Mutual

Royal Heritage Life Assurance Ltd

Royal Heritage Life Assur.—Contd.

Royal Life Insurance Ltd

Royal Liver Assurce (Life & Pensions)

Save & Prosper Group (x)

Scottish Amicable Investments

Scottish Equitable Life Assce. Soc.

Scottish Life Investments

Scottish Mutual Assurance Society

Scottish Mutual Investments

Scottish Provident Institution

Scottish Widows' Group

Shield Assurance Ltd

Skandia Life Assurance Co Ltd (z)

Skandia Life Assur.—Contd.

Standard Life Assurance Company

Sun Alliance Insurance Group

Sun Life of Canada (UK) Ltd

Sun Life Unit Assurance Ltd

Swiss Life Pensions Ltd

TSB Life Ltd

Target Life Assurance Co. Ltd.

Teachers' Assurance Company Ltd

Transatlantic Life Assur Co Ltd

Trident Life Assurance Co Ltd

Tunbridge Wells Equitable

UK Life Assurance Co Ltd

UK Provident

University Medical General Ltd.

Vanbrugh Life Assurance

Vanbrugh Pensions Limited

Wesleyan & General Assurance Soc

Windsor Life Assur Co Ltd

MANAGEMENT SERVICES

David M. Aaron (Personal Fin. Plans.) Ltd

The Analysis Group PLC

Ashville Insurance Brokers Ltd

Bryan Walls & Partners Ltd

Chase de Vere Investments Ltd

Dubarry Caine Financial Mgt. Ltd

First Financial Services PLC

Fitzgrada Ltd

Investment Portfolio Services Ltd

Johnson Fry Plc

Lamont & Partners Ltd.

Management & Executive Ltd

Marsh Financial Management Ltd

Noble Lowndes & Partners Ltd

The Norminster Group
71 London Rd, Peterborough PE2 9BB 0733 42200

O'Halloran & Co Countrywide
C-41, Broadway, Peterborough, PE1 1SJ 0733 44330

PBR Fund Management Ltd.
146a Queen Victoria St, EC4V 5AP 01-236 4070

Flexi-Bond	155.9	163.7	+0.7	—
Flexi Pension Bond	150.1	157.7	+0.4	—
Managed Bond		116.7		—
Managed Pension		123.1		—

The Porchester Group
91 Wimpole Street, London W1M 7DA 01-493 9090

Porchester Managed Funds				
Albany (z)	128.40	135.10	-0.1	—
Scot. Wid. (z)	111.50	117.50		—
Irish Life (z)	130.30	137.90	-2.5	—
Royal Heritage (z)	122.20	128.70	+2.1	—
Schroder (z)	107.70	113.30	+0.5	—
Skandia (z)	128.0	134.70	+1.0	—
Target (z)	132.50	139.50	+0.1	—
Trident (z)	130.0	136.90	-0.1	—
Porchester Managed Pension Funds				
Albany (z)	145.0	152.50	-0.1	—
Schroder (z)	106.70	112.30	+0.6	—
Skandia (z)	138.90	146.20	+1.1	—
Target (z)	130.40	137.30	+0.4	—

Managed by Porchester Securities Limited

Roxborough Financial Services Plc
5-11 Fetter Lane, London, EC4A 1PH 01-353 4040

Managed Fd (MI)		114.6	-0.1	—
Pension Managed (MI)		103.9	-0.2	—
Multi-Trust Fund (SK)	98.9	104.1		—

Sharp (Albert E.) & Co
12 Newhall Street, Birmingham B3 3ER 021-236 5801

Man-Clerical Med.	150.1	158.1	+0.4	—
Pens. Man-Schroder	632.9	666.3	+1.5	—

Towry Law & Co
57 High St, Windsor, SL4 1LX 0753 868244

Albany Life				—
Clerical & Medical (z)	120.2	126.6	+0.1	—
Guardian Roya. Exch.	106.7	112.4	-0.2	—
M&G Ass (Life)	129.0	135.9		—
M & G Ass (Pens)	156.4	164.3		—
N. M. Schroder	108.4	114.1		—
N. M. Schroder Pens.	114.4	120.4	-0.1	—
Norwich Union Asst Mgt.	59.3	62.5		—
Royal Life (Unit Lnk Asst)	121.40	127.70		—

For Tyndall Assurance/Pensions see Aetna Life

Yorkshire & Lancashire Investment Mgt.

J. D. Ward & Co Ltd

OFFSHORE AND OVERSEAS

Actibonds Investment Fund SA

Adig Investment

Albany Fund Management Limited

Albany International Assurance Ltd

Alexander Home (Bermuda) Ltd

Alliance Capital Management Intl. Inc.

Allied Dunbar International Fund Mgrs.

Allied Irish Fund Managers (CI) Ltd

Anglo-Swiss Asset Management Ltd

Asset Global Funds Ltd

BAII Multicurrency (SICAV)

BIA Bond Investments AG

BWF Inv Mgmt (Jersey) Ltd

Julius Baer Bank & Trust Co Ltd

Bamford Brandt Guernsey Mngt Ltd

The Bangkok Fund

Barclays Unicorn International

Barings International Group

Bishopsgate Commodity Ser. Ltd

Brazil Capital Services Ltd

Bridge Management Ltd (CI)(b)

Bridge Management Ltd
GPO Box 591, Hong Kong

Bridge Singapore Asset Mngmt Ltd
GPO Box 590, Hong Kong. 5-6435774

Brown Shipley Fund Mgmt (CI) Ltd
PO Box 583, St Helier, Jersey

Butterfield Management Co Ltd
PO Box 195, Hamilton, Bermuda

CAL Investments (IoM) Ltd
16 St Georges Street, Douglas, IoM 0624 20231

*Dealings Monday. **Dealings daily

CMI Financial Mngmt Services Ltd
Clerical Medical Hse, Douglas, Isle of Man 0624 25599

CRC Asset Management Limited
PO Box 209, St Peter Port, Guernsey 0481 26268
CRC Balanced Growth Fund—May 21

Capital International
43 Boulevard Royal, Luxembourg

Cater Allen Investment Management (CI)
29a Broad St, St Helier, Jersey, CI 0534 79898

CA Dollar Inc Fd.	10.19	10.25	—	6.67
CA Gilt Edg Fd.	13.58	13.65	—	10.26

Charterhouse Bank
1 Paternoster Row, London EC4 01-248 4000

Charterhouse Fund Mngt. (C.I.) Ltd
Charterhouse Bldg, Bath St, Jersey 0534 79437
Charterhouse International Capital Fund Limited

Citibank (CI) Ltd "Citifunds"

Cortexa International

Credit Suisse

Creditanstalt Asset Fd

DWS Deutsche Ges. F. Wertpapiersp

Daehan Investment Trust Co Ltd

Dartmoor Management (Guernsey) Ltd

Dean Witter World Wide Investment Trust SA

Delta Group

Deutscher Investment-Trust

Drexel Burnham Lambert

Dreyfus Intercontinental Inv. Fd.

Duncan Lawrie Inv. Mgt. Ltd

Dunedin Unit Trust Mgrs (Bermuda) Ltd

Dunn & Hargitt Group

EBC Trust Company (Jersey) Ltd

Elders (Switzerland) Invest. Mngt. SA

Equitlink International Mngt Ltd

Equity International Management Serv's Ltd

Equity & Law International Fund Mgs Ltd

Equity & Law International Life Assur Co Ltd

Ermitage Management Ltd

Ermitage Management Cayman Ltd

Eurolife Assurance Group

Eurowestillare Fd Mgmt (Guernsey) Ltd

S.A. Europe Obligations SA

Europe Prestige Fund SA

European Life (Channel Islands) Ltd

FT UNIT TRUST INFORMATION SERVICE

LONDON SHARE SERVICE

BRITISH FUNDS

1987 High	1987 Low	Stock	Price £	+ or −	Yield Int.	Yield Red.
		"Shorts" (Lives up to Five Years)				
101¾	100½	Treas. 12pc 1987	100⅞	−⅛	11.89	9.80
99¾	97⅞	Treas 7¾pc 1985-88‡‡	99⅞xd	−⅛	7.78	8.42
102⅝	99⅞	Exch 10½pc '88	101⅜	−⅛	10.36	8.98
100⅞	98⅞	Treas 9¾pc Cv '88	100⅛	−⅛	9.69	8.98
96¾	93⅞	Transport 3pc '78-88	96⅞xd	.....	3.10	6.34
100⅝	98⅛	Treas. 9½pc '88	100⅛	−⅛	9.48	9.09
105⅞	101⅞	Treas 11½pc 1989	103⅞	−⅛	11.10	9.10
102⅞	97⅞	Treas 9¼pc Cnv 1989	100⅞	−⅛	9.43	9.03
94⅝	89⅝	Treas 3pc 1989	93⅛	−⅛	3.20	6.62
104⅝	99⅞	Treas 10½pc 1989	102⅞	−⅛	10.25	9.12
103⅞	98⅞	Exch 10pc 1989	101⅞xd	−⅛	9.84	9.11
105⅞	100⅞	Exch 11pc 1989	103⅞	−⅛	10.61	9.10
95⅞	89⅞	Treas 5pc 1986-89	94⅞	−⅛	5.28	7.57
108⅞	100⅛	Exch 10½pcCv '89	104⅞	−⅛	9.83	8.19
111⅞	105⅞	Treas 13pc 1990‡‡	108⅞xd	−⅛	11.94	9.00
106⅞	100⅞	Exch 11pc 1990‡‡	104⅞	−⅛	10.55	9.12
110⅞	104⅞	Exch. 12½pc 1990	107⅞	−⅛	11.58	9.12
91⅞	84⅞	Treas. 3pc 1990	90⅞	−⅛	3.32	6.78
100⅞	93⅞	Treas. 8¾pc 1987-90‡‡	99⅞	−⅛	8.29	8.41
105	97⅞	Treas. 10pcCv 1990	102⅞	−⅛	9.77	9.15
89⅞	81⅞	Exch 2½pc 1990	88⅞	−⅛	2.84	6.43
110⅞	103⅞	Treas 11¾pc 1991	107⅞xd	−⅛	10.91	9.14
95⅞	87⅞	Funding 5¾pc '87-91‡‡	93⅞	−⅛	6.14	7.72
89⅞	80⅞	Treas. 3pc 1991	87⅞	−⅛	3.43	6.69
110⅞	100⅞	Treas 10pc Cv '91‡‡	105⅞xd	−⅛	9.48	8.38
109⅞	101⅞	Exch. 11pc 1991	106⅞	−⅛	10.33	9.12
116⅞	108⅞	Treas 12¾pc 1992‡‡	113⅞xd	−⅛	11.27	9.15
106⅞	97⅞	Treas. 10pc 1992	103⅞	−⅛	9.69	9.13
49⅞	45⅞	Treas. 8pc 1992 ‡‡(£50pd)	46⅞	.....	8.15	8.47
108⅞	99⅞	Treas 10½pc Cv 1992‡‡	105⅞	−⅛	9.981	9.12
		Five to Fifteen Years				
115⅞	106⅞	Exch. 12¼pc '92	113⅞	−⅛	10.94	9.26
122⅞	111⅞	Exch 13½pc 1992	117⅞	−⅛	11.53	9.26
107⅞	97⅞	Treas 10pc 1993‡‡	103⅞	−⅛	9.64	9.13
118⅞	108⅞	Treas 12½pc 1993‡‡	114⅞xd	−⅛	10.88	9.22
95⅞	82⅞	Funding 6pc 1993‡‡	92⅞	−⅛	6.50	7.57
125⅞	114⅞	Treas 13¾pc 1993‡‡	121⅞	−⅛	11.35	9.27
129⅞	119⅞	Treas 14½pc 1994‡‡	125⅞	−⅛	11.56	9.27
[illegible]	[illegible]	Exch 13½pc 1994‡‡	[illegible]	[illegible]	11.21	9.37

BRITISH FUNDS—Contd

Index-Linked

Prospective real redemption rate on projected inflation of (1) 10% and (2) 5%. (b) Figures in parentheses show RPI base month for indexing, ie 8 months prior to issue. RPI for October 1986: 388.4 and for May 1987: 101.9 (rebased at 100 January 1987 conversion factor 3.945).

INT. BANK AND O'SEAS GOVT STERLING ISSUES

CORPORATION LOANS

COMMONWEALTH & AFRICAN LOANS

LOANS

Building Societies

Public Board and Ind.

Financial

FOREIGN BONDS & RAILS

1987 High	1987 Low	Stock	Price £	+ or −	Div % Gross	Red. Yield
45	42	Greek 7pc Ass.	42xd	.....	3.50	8.33
45	40	Do. 6pc 28 Stb. Ass.	40	.....	3	7.50
47	45	Do 4pc Mixed Ass.	47	.....	2	4.26
65	58	Hung. '24 Ass	63	.....	2.75	4.37
146½	122⅞	Hydro Quebec 15pc 2011	140xd	−⅛	15.00	10.42
94	83	Iceland 6½pc '83-88	94xd	.....	—	—
136⅛	115½	Do. 14½pc Ln. 2016	128⅛	−½	14.50	11.18
103½	94	Ireland 9¾pc '91-96	102	.....	9.75	9.40
98½	93	Japan 6% '83-88	94	.....	—	—

AMERICANS

1987 High	1987 Low	Stock	Price £	+ or −	Div Gross	C'vr	Y'ld Gr's
41⅞	32⅞	Abbott Laboratories$	40	.....	$1.00	—	1.5
17	11⅞	Ahmanson (H.F.)	13⅞	−⅛	88c	—	4.1
35⅞	24⅞	Alcoa $1	32⅞	+⅛	$1.20	—	2.2
		Algemene Fl.100	143½	+½			
14⅞	8⅞	Amax $1	12⅞	−⅛	—	—	—
26⅞	17⅞	Amdahl 5c	23	.....	20c	—	0.5
33	25⅞	Amer. Cyanamid $5	31⅞	−⅛	$1.90	—	3.7
25⅞	18	Amer. Express $0.60	22½xd	+½	$1.44	—	3.9
12⅞	10	Amer. Medical Int. $1	12	+⅛	72c	—	3.7
18	14⅞	American T. & T. $1	17⅞	+⅛	$1.20	—	4.1
63	46⅞	Ameritech $1	54⅞	+⅛	$4.72	—	5.3

Continued on next page

Money Market Bank Accounts

Money Market Trust Funds

UNIT TRUST NOTES

LONDON SHARE SERVICE

AMERICANS—Continued

1987 High	Low	Stock	Price £	+ or –	Div Gross	C'vr	Y'ld Gr's
30 3/8	22 7/8	Sara Lee $1	29 1/2xd	+1/8	$1.00	—	2.1
11 3/4	8 7/8	Saul (B. F.) $1	9 13/16xd	+1/16	20c	—	1.2
26 1/4	19 3/4	Southwestern Bell $1	24 1/4	+1/8	$2.32	—	5.7
17 3/8	14 1/4	Staley Continental	17 3/8	+1/16	80c	—	2.7
44 3/4	36 3/4	Sun Co. Inc. $1	40 3/4xd	–1/16	$3.00	—	4.6
37	28 1/2	TRW Inc. $1 1/4	33 1/4	–1/8	$1.60	—	3.0
32	25 1/4	Tenneco $5	30 1/2	–1/16	$3.04	—	6.1
187 1/2	149 1/2	Do. 10pcLn.Stk. 91-5	187 1/2xd		10%	—	5.5
26 1/4	17 3/4	Texaco $6.25	23 1/4	+1/16	$3.00	—	7.7
61 7/8	47 1/4	Time Inc. $1	59 1/2	–1 1/16	$1.00	—	1.0
14 1/2	11	Tracor $0.33	12 1/4	–1/8	40c	—	1.9
24 5/8	18 7/8	Transamerica $1	24 1/2xd	+1/4	$1.76	—	4.4
11 7/8	922p	Transworld Corp $5	11 7/8	+1/4	20c	—	1.0
46	29 3/4	TRINOVA Corp.	44	+5/8	$1.00	—	1.4
20	15 1/4	♥USX $1	19 1/2	–1/16	$1.20	—	3.8
19 1/4	15 3/16	Union Carbide $1	19 1/4	+1/4	$1.50	—	4.7
35 1/4	26 5/8	Utd. Technologies	30 1/4	...	$1.40	—	2.8
38 5/8	27	US West	32 7/8	–1/8	$3.28	—	6.2
25	17 1/4	Waste Management $1	24 5/8	–1/8	—	—	—
£22 1/4	£20 1/2	Whirpool $1.0	£22 1/16	+1/16	—	—	—
35 1/4	26	♥Woolworth $3 1/2	34 3/16	–1/4	$1.32	—	2.4

CANADIANS

1987 High	Low	Stock	Price £	+ or –	Div Gross	C'vr	Y'ld Gr's
21p	10p	♥Abbot Energy Corp.	21p	...	—	—	—
25 1/4	10 1/4	♥Amer. Barrick Res.	19 1/4	...	—	—	—
122p	52p	Armeno	77p	–7	—	—	—
19 3/8	14 5/8	Bk. Montreal ‖	15 5/8	+1/8	$2.00	—	5.9
10 1/2	745p	Bk. Nova Scot.‖	809p	–8	72c	—	4.1
20 5/8	16	BCE ‖	19 5/8	+1/8	$2.40	—	5.6
960p	712p	♥Bow Valley‖	908p	+16	40c	—	2.0
19 1/4	12 5/8	♥Brascan‖	16 1/4	–1/8	88c	—	2.5
609p	277p	♥Breakwater Res.	354p	+10	—	—	—
11 1/8	894p	Can. Imp.Bk. $2	10 1/16xd	+1/16	$1.08	—	4.9
12	865p	Can. Pacific ‖	11 1/2	+1/16	48c	—	1.9

[illegible]

BANKS, HP & LEASING

[illegible]

Hire Purchase, Leasing, etc.

[illegible]

BEERS, WINES & SPIRITS

[illegible]

BUILDING, TIMBER, ROADS

[illegible]

BUILDING, TIMBER, ROADS—Cont

[illegible]

CHEMICALS, PLASTICS

[illegible]

DRAPERY AND STORES

[illegible]

DRAPERY AND STORES—Cont.

[illegible]

ELECTRICALS

[illegible]

ENGINEERING

[illegible]

ENGINEERING—Continued

[illegible]

FOOD, GROCERIES, ETC

[illegible]

HOTELS AND CATERERS

[illegible]

INDUSTRIALS (Miscel.)

[illegible]

INDUSTRIALS—Continued

[illegible]

INDUSTRIALS—Continued

[illegible]

INSURANCES

[illegible]

LONDON SHARE SERVICE

INSURANCES—Continued

[illegible]

LEISURE

[illegible]

MOTORS, AIRCRAFT TRADES

Motors and Cycles

[illegible]

Commercial Vehicles

[illegible]

Components

[illegible]

Garages and Distributors

[illegible]

NEWSPAPERS, PUBLISHERS

[illegible]

PAPER, PRINTING, ADVERTISING

[illegible]

PAPER, PRINTING—Continued

[illegible]

PROPERTY

[illegible]

SHIPPING

[illegible]

SHOES AND LEATHER

[illegible]

SOUTH AFRICANS

[illegible]

TEXTILES

[illegible]

TEXTILES—Cont.

[illegible]

TOBACCOS

[illegible]

TRUSTS, FINANCE, LAND

Investment Trusts

[illegible]

FINANCE, LAND—Cont.

[illegible]

Finance, Land, etc

[illegible]

OIL AND GAS

[illegible]

OIL AND GAS—Continued

[illegible]

OVERSEAS TRADERS

[illegible]

PLANTATIONS

Rubbers, Palm Oil

[illegible]

Teas

[illegible]

MINES

Central Rand

[illegible]

Eastern Rand

[illegible]

Far West Rand

[illegible]

O.F.S.

[illegible]

Diamond and Platinum

[illegible]

Central African

[illegible]

Finance

[illegible]

Australians

[illegible]

MINES—Continued

[illegible]

Tins

[illegible]

Miscellaneous

[illegible]

THIRD MARKET

[illegible]

NOTES

Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures. P/Es are calculated on "net" distribution basis, earnings per share being computed on profit after taxation and unrelieved ACT where applicable; bracketed figures indicate 10 per cent or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution; this compares gross dividend costs to profit after taxation, excluding exceptional profits/losses but including estimated extent of offsettable ACT. Yields are based on middle prices, are gross, adjusted to ACT of 27 per cent and allow for value of declared distribution and rights.

- ● "Tap Stock".
- * Highs and Lows marked thus have been adjusted to allow for rights issues for cash.
- † Interim since increased or resumed.
- ‡ Interim since reduced, passed or deferred.
- ‡‡ Tax-free to non-residents on application.
- ♦ Figures or report awaited.
- ♦ Not officially UK listed; dealings permitted under Rule 535(4)(a).
- ♦ USM; not listed on Stock Exchange and company not subjected to same degree of regulation as listed securities.
- †† Dealt in under Rule 535(3).
- # Price at time of suspension.
- ¶ Indicated dividend after pending scrip and/or rights issue: cover relates to previous dividend or forecast.
- ♦ Merger bid or reorganisation in progress.
- ♦ Not comparable.
- ♦ Same interim: reduced final and/or reduced earnings indicated.
- § Forecast dividend; cover on earnings updated by latest interim statement.
- ‡ Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
- ☆ Cover does not allow for shares which may also rank for dividend at a future date. No P/E ratio usually provided.
- ‖ No par value.

B.Fr. Belgian Francs. Fr. French Francs. ## Yield based on assumption Treasury Bill Rate stays unchanged until maturity of stock. a Annualised dividend. b Figures based on prospectus or other offer estimate. c Cents. d Dividend rate paid or payable on part of capital, cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. n Rights issue pending. q Earnings based on preliminary figures. s Dividend and yield exclude a special payment. t Indicated dividend: cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast, or estimated annualised dividend rate, cover based on previous year's earnings. v Subject to local tax. x Dividend cover in excess of 100 times. y Dividend and yield based on merger terms. z Dividend and yield include a special payment: Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. E Minimum tender price. F Dividend and yield based on prospectus or other official estimates for 1986-87. G Assumed dividend and yield after pending scrip and/or rights issue. H Dividend and yield based on prospectus or other official estimates for 1986. K Dividend and yield based on prospectus or other official estimates for 1987-88. L Estimated annualised dividend, cover and p/e based on latest annual earnings. M Dividend and yield based on prospectus or other official estimates for 1985-86. N Dividend and yield based on prospectus or other official estimates for 1987. P Figures based on prospectus or other official estimates for 1987. Q Gross. R Forecast annualised dividend, cover and p/e based on prospectus or other official estimates. T Figures assumed. W Pro forma figures. Z Dividend total to date.

Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xk ex capital distribution.

REGIONAL & IRISH STOCKS

The following is a selection of Regional and Irish stocks, the latter being quoted in Irish currency.

Albany Inv 20p	86	......	Fin. 13% 97/02	£318½	+¼
Craig & Rose £1	£17¼	......	Arnotts	395	......
Finlay Pkg. 5p	105	......	CPI Hldgs	57	......
Holt (Jos) 25p	970	......	Carrol Inds.	148	......
IoM Stm. £1	120	......	Dublin Gas	18	......
			Hall (R. & H.)	180	......
IRISH			Helton Hldgs.	38	−1
Fund 11¾% 1988	£120½	+¼	Irish Ropes	170	......
Nat. 9¾% 84/89	£96½xd	......	Unidare	375	......

TRADITIONAL OPTIONS

3-month call rates

Industrials	p		
Allied-Lyons	40	NEI	12
Amstrad	20	Nat West Bk	65
BAT	55	P & O Dfd	65
BOC Grp.	45	Plessey	22
BSR	17	Polly Peck	28
BTR	30	Racal Elect	24
Babcock	19	RHM	30
Barclays	52	Rank Org Ord	70
Beecham	50	Reed Intnl	45
Blue Circle	50	STC	30
Boots	25	Sears	15
Bowaters	50	TI	34
Brit Aerospace	55	TSB	10
Brit. Telecom	32	Tesco	55
Burton Ord	35	Thorn EMI	70
Cadburys	22	Trust Houses	24
Charter Cons.	40	Turner Newall	28
Comm Union	30	Unilever	300
Courtaulds	45	Vickers	20
FNFC	30	Wellcome	42
Gen Accident	95	**Property**	
GEC	24	Brit Land	25
Glaxo	200	Land Securities	45
Grand Met	55	MEPC	42
GUS 'A'	175	Peachey	45
Guardian	90	**Oils**	
GKN	30	Brit Petroleum	32
Hanson Tst.	15	Britoil	32
Hawker Sidd	50	Burmah Oil	45
ICI	125	Charterhall	6
Jaguar	52	Premier	11
Ladbroke	40	Shell	110
Legal & Gen	32	Tricentrol	11
Lex Service	45	Ultramar	24
Lloyds Bank	50	**Mines**	
Lucas Inds	62		
Marks & Spencer	22	Cons Gold	95
Midland Bk	55	Lonrho	26
Morgan Grenfell	35	Rio T Zinc	90

A selection of Options traded is given on the London Stock Exchange Report Page.

FINANCIAL TIMES

Saturday June 27 1987

Japan's Sokaiya fail to trap juiciest prey

BY PETER BRUCE IN TOKYO

THE SHAREHOLDER at the microphone was wearing white, pointed shoes. "It is said you pinched your secretary on the Joban railway line," he shouted at one of the directors. "This is a question of your integrity."

"Your question is inappropriate and will be struck from the minutes of this meeting," snapped the chairman.

"I just thought I'd mention it," said the man.

This was the first ever annual shareholders' meeting of the world's most richly capitalised company, Nippon Telegraph and Telephone, the Japanese telecommunications monopoly.

Since the 12.5 per cent of the stock sold by the Government started being traded on the Tokyo stock market in February, the price of its shares has more than doubled, *to Y2.5m (£10,600) each*, making the market value of NTT more than that of the entire Frankfurt and Hong Kong stock exchanges combined.

It also means that NTT has become the all-time juiciest target for a colourful clique of Japanese racketeers, the *Sokaiya*, who terrorise Japanese executives by ruining shareholder meetings with tedious, often seedy, qustioning if they are not paid off by the company.

Yesterday in Tokyo's New Otani Hotel it wah high noon for the *Sokaiya*. Would the *gangsters win the upper hand* over this new behemoth, or could NTT set a tough precedent and hold out against the blackmailers? from the outset, at 10 am, *it was clear the Sokaiya* were going to have a go, their demands in advance for money apparently having been rejected. The chairman, Mr Hisashi Shinto, gave a welcome to the 5,000 shareholders present, and a series of directors came to the podium to recite gargantuan sales and profit figures for 1986.

"If there are no questions we will approve the report," said Mr Shinto, a former shipbuilder who, while he has become one of the great and the good in Japan, can still rough it.

Dozens of sharply dressed men leapt to their feet waving order papers. The first gave a rambling, 10-minute description of the articles of association *designed to prove he was* entitled to an answer "to the question I now want to put." There was general groaning. "We have plenty of time," he said in a tone political prisoners would recognise instantly. "We can go on as long as we like . . ."

He wanted to know whether NTT was a "private" company, as it calls itself, or a "privatised" one, as he thought.

"Very important question," said a gushingly polite executive, who then gave him an evasive answer. No one was *listening, though, because other* young men were clamouring for Mr Shinto's attention.

"Me?" asked one who thought he was being pointed at.

"Not you—him," said Mr Shinto.

"But I have been waiting a long time," wailed the man.

"You may have been waiting, but I'm not going to let you speak," said Mr Shinto, to rowdy applause.

"Go on, laugh," cried the man to the rest of the gathering. "You applaud every time a director says something."

Mr Shinto pointed to someone *else*.

"Why is it," asked a man in a light-coloured suit, "that when I put a Y100 coin into a yellow telephone and make a three-minute call, I get no change? What happens to my 90 yen? Does it become yours?"

It was explained to him that new card telephones were slowly replacing older models that gave no change.

"But what about my 90 yen," he screamed. "Shut up everyone, the chairman can't hear me."

Everyone could hear him, but *Mr Shinto had found another* waving arm.

"I came here three hours early," said a slightly menacing questioner, "and even though only 1 per cent of NTT shareholders are here, I have to queue up for the toilets. Shouldn't you apologise to the shareholders for these arrangements?"

"If there has been any inconvenience," said a silky-voiced director, "we apologise."

"Thank you," said the man, "I have only three or four questions now, because I'm so tired from waiting. . . . "Why does NTT have so many *scandals*? An NTT employee is said to have committed an indecent act in a train. Another one strangled someone. Y160m *in promissory notes* has disappeared and our telephone has been bugged. What are you going to do about it?"

He was assured that the discipline of NTT employees would be tightened — a statement that met with great aplause from the "*straight*" shareholders.

"I have one more question," he said.

"Keep it short," growled Mr Shinto, now beginning to tire of the game.

A few questions later he called time and the *Sokaiya* were back on their feet, howling.

But Mr Shinto was going to win — and he knew it. From nowhere, a team of large young men reared up to surround the gathering. Were they police or simply toughs hired by the company? The *Sokaiya* didn't hang around long enough to find out. They began leaving the hall.

The few motions on the agenda were then rapidly passed under the gaze of this new *force* and at 11.50 am Mr Shinto closed the meeting a happier — and probably wiser — victor.

THE LEX COLUMN

Open season for rights

Too many rights make a wrong as far as the stock market *is concerned*. And despite all the excesses of the bull market, it should still be the case that an increasing supply of a product should reduce its price. The stagnation in the London market throughout the second half of last year was clearly triggered by a *trio* of large rights issues in May, totalling about £1.5bn. Yet, almost imperceptibly, this month's total has crept up to £1.25bn, with a few days still left to break last May's record.

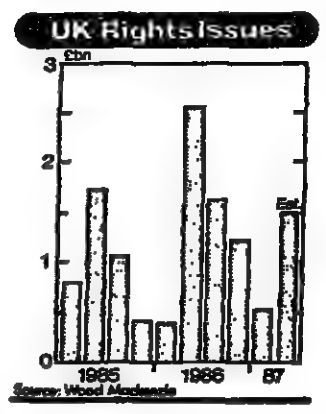
This time the market has not flinched, and its static performance since the election appears all the more resilient, given that the heavily discounted wall of Japanese money signally failed to arrive. One explanation for this apparent feat of levitation is that there is indeed a wall of money, but that the banknotes comprising the bricks are British.

British life companies and pension funds built up net cash of about £2.25bn in the last three months of 1986, and a further £1.8bn in the first quarter of this year. Part of the hoarding must be in anticipation of forthcoming privatisations, and the investment community is uncomfortably in the dark over the timing of the sale *of the state's remaining £8.5bn* stake in British Telecom, but the cash position still appears formidable.

If there is to be a continued wave of rights issues, it would be fair to predict that a large number will range from the opportunistic to the plain greedy The indsutrial division of Quoted UK pls, the Hoare Govett aggregate model of the London market, is as ungeared as it has even been. Having been *over 30 per cent geared* in 1981, it had recovered to 16 per cent by the end of last year. The capital good s sector is almost in a net cash position, and Hoare Govett predicts an aggregate industrial gearing of only 8 per cent by the end of this year.

If the stock market follows its historical pattern of annually accepting rights shares to the value of 1.4 per cent of the total market, then there is a *further £3.2bn of rights issues* to come in the second half of the year. Yet companies—and that does not mean Midland Bank—will always manage to find a special reason why shareholders should put up with seeing a dilution of the earnings *which have pulled them is* as investors in the first place.

Index rose 18.2 to 1790.7



WPP/JWT

Thanks to US accounting conventions and the quick reactions of its London bankers, WPP, the Kent trolley manufacturer, is now the fourth largest advertising agency in the world. Martin Correll's return to the commanding heights will no doubts there is plenty of *fat* at Saatchi's; *for although he has* certainly paid a full price for J Walter Thompson he ought to be able to avoid the Ted Bates syndrome.

The £20m financing hole, the £90m negative net worth of the combined group, and the debt of £161m, will ensure some *anxiety at WPP too. But unless* those banks have invented a new substitute for Third World lending, JWT should be able to throw off enough cash to keep the show on the road. The bankers' faith in Sorrell's financial skills is certainly widely shared through the advertising industry and no-one doubts thereis plenty of fat at JWT; if necessary some of the subsidiaries could be sold on (and perhaps even the odd *modern art treasure*). Assuming he can push the margins close to 10 per cent within 18 months, the prospective p/e for 1988 is about 27. Of course there is no saying what all thoso mobile creative assets will do, not to mention the clients.

Willis Wrightson

Or Stewart Faber? The simultaneous suspension of the shares in Willis Faber and Stewart Wrightson may be no more than coincidence—or even a prelude to a joint denial of merger rumours early next week. But the *presumption* must be that the two have agreed to get together. Apart from the timing of the share freezing, that is based on the feeling that the two insurance brokers are well matched. Willis Faber's strength in reinsurance and Stewart Wrightson's in surplus and excess lines business, plus the benefits which should accrue from putting the retail brokerage arms together suggest a comfortable fit.

The expected tie-up is symptomatic of the high level of corporate activity in the insurance market lately. Hogg Robinson's move the other way—*demerging* its insurance side from its other retail services business in the hope that the value of the two apart might be greater than the whole—*could be the first sign that such* conglomerates do not work. And the TSB's purchase of Target at what looked a generous price may serve to remind the market and predators just what a store of value the composites have tucked away. Who says insurance is boring?

BAA

It is in the nature of vendors in share sales to talk the price up, and equally of the companies being sold to want a successful issue. So the behind the scenes argy-bargy which was going on yesterday over the *pricing of the BAA flotation is* about normal. And a spirit of compromise ought to leave the price somewhere near the middle of the 200p to 250p range.

The delicate part of it all is the innovative partial tender offer. The higher the fixed price set the smaller the proportion of shares sold by tender ought to be, and perhaps that combination would optimise the vendor's receipts. After all it is one thing to pay up in the *aftermarket and quite another* to bid blind when a miscalculation of the lowest accepted bid will either leave the tenderer with no stock or stock at a price higher than others paid.

Insurance brokers' shares suspended

By Nick Bunker

WILLIS FABER and Stewart Wrightson, two of Britain's biggest insurance brokers, yesterday asked for stock exchange trading in their shares to be suspended amid speculation that they were poised for a friendly merger.

A union between the two would create the world's fifth biggest broking group, with a *market capitalisation of more* than £950m.

Neither company would comment last night beyond saying that an announcement was expected early next week. Mr Tony Keys, Wrightson's group development director, declined to confirm whether the two group's requests to the Stock Exchange yesterday were related.

Mr Chris Pountain, insurance analyst with Wood Mackenzie, the *stockbroker, said a merger* looked probable and would make a good fit.

Willis was the world's seventh biggest insurance broker on 1986 figures and has for decades been regarded as the premier marine insurance broker at Lloyd's of London. It is the second *biggest* British-owned Lloyd's broker after Sedgwick Group.

It has been keen to expand by acquisition in the US, where *last year it paid £12.5m* to buy McAlear, a Michigan-based broker specialising in so-called "surplus" lines of hard-to-place insurance.

Willis has had a management succession problem, however, which last year led to Mr David Palmer, its chairman, being reappointed for two more years, past the group's normal retiring age.

Stewart Wrightson was the world's 12th biggest broker in *1986 but is one of the leading* airline insurance brokers at Lloyd's. It is well established in US surplus lines and bought two North American surplus lines brokers earlier this year.

Mr Vernon Partridge, insurance analyst with Alexanders Laing and Cruickshank, the stockbroker, said J&H backed a merger fully.

Willis's shares were suspended at 437p and Wrightson at 500p.

Oil prices rise as Opec nears deal on fourth quarter quotas

BY RICHARD JOHNS IN VIENNA AND LUCY KELLAWAY N LONDON

THE Organisation of Petroleum Exporting Countries neared a consensus last night on fixing its output ceiling for the fourth quarter well below 18.3m barrels a day. This was the ceiling to which it was due to rise according to December's production pact.

The fourth quarter ceiling *may be as low as 16.6m b/d*, with a similar figure likely to be agreed for the third quarter. A ceiling of 15.8m b/d has notionally been in force since the start of the year.

The oil market responded enthusiastically to yesterday's indications from the Opec meeting in Vienna. In New York the price of West Texas Intermediate had jumped by more than 70 cents to $20.37 per barrel by mid-afternoon, while in London, Brent *crude oil closed* 57 cents higher at $19.20 per barrel for July delivery.

Traders are relieved that Opec appears to be tackling the problem of fourth quarter quotas, which under the December agreement had been set too high, compared with projected demand for the period.

It is accepted that any quota would have to take into account inevitable cheating by members and allow for increased production by Iraq. Although Iraq is not formally part of the present quota system, it has been producing at a rate of 2.1m b/d compared with the 1.46m b/d conceded to it at the last conference in Geneva when existing ceilings were set.

By September, Iraq's export capacity will rise by another 500,000 b/d when the loop oil line to Ceyhan on Turkey's south-east Mediterranean coast is fully tested and operational.

Last night's attempts to bring Iraq into a quota system by *offering it substantially higher* entitlements—which were also to be offered to Iran—had in effect been abandoned.

Iraq's new chief delegate, Mr Issam al Chalabi, reiterated his country's demand for parity with Iran but Mr Gholamreza Aghazadeh, Iran's Minister of Oil, rejected the proposition.

Delegates conceded that it might be necessary to meet again in September to review the market situation.

Mr Aghazadeh said, after a working lunch with chief delegates of Saudi Arabia, Nigeria and Indonesia: "We are trying to firm up the market so that spot prices will be higher than official market prices."

Since February 1, official selling rates have been based on a central reference price of $18 a barrel.

Oil prices, Page 10

US to send envoy to Damascus

BY STEWART FLEMING IN WASHINGTON AND ANDREW GOWERS IN LONDON

THE US is to send an envoy to Damascus in an attempt to improve relations with Syria following an exchange of messages between President Ronald Reagan and President Hafez al-Assad.

US officials said yesterday *that Mr Assad had accepted Mr* Reagan's offer to send an envoy, made soon after the Venice summit. It is not clear who the envoy will be or when the visit will take place, though Mr Vernon Walters, US ambassador to the United Nations, has been mentioned as a likely candidate.

The move is the first proper sign of a rapprochement between the US and Syria following strains caused by Washington's suspicions of *Syrian support for terrorism*, and coincides with a British Government review of its eight-month-old diplomatic breach with Damascus.

It also comes amid intense Syrian efforts to secure the release of Mr Charles Glass, the US journalist kidnapped in Lebanon more than a week ago, and further indications that Syria's strategic relationship with Iran may be close to breaking point.

Washington withdrew its ambassador, Mr William Eagleton, from Syria last October in support of Britain's decision to break off diplomatic relations following the Hindawi affair, in which a Jordanian carrying a Syrian passport was convicted of trying to blow up an El Al jet leaving London's Heathrow airport.

US officials said the attempt to explore th eprospects for an improvement *in relations with* Syria relations was discussed with Mrs Margaret Thatcher, the British Prime Minister, at the Venice summit.

British officials had no immediate comment on the US move, but Foreign Office diplomats are believed to have been *pressing since the general election* for a reconsideration of London's break with Damascus.

There have been indications that the Syrian Government has shut down the Damascus headquarters of the Abu Nidal terrorist group, which was one of the preconditions for an improvement in ties. Britain's EC partners have also been urging a review of the position to help preparations for a possible Middle East peace conference.

In Washington, Mr Marlin Fitzwater, the White House spokesman, said Mr Reagan's letter to Mr Assad was, "prompted by our interest in exploring the possibilities of a dialogue with Syria on a number of issues," and arose from a general re-evaluation of US Middle East policy over the last few months. He added that Washington had received a "*generally positive*" response from the Syrian leader.

Syria's efforts to obtain the release of Mr Glass and other Western *hostages* are seen in Washington as an earnest indication of its desire to improve ties.

In addition, the US may want to capitalise on recent signs that Syria is reconsidering its close relationship with Iran.

Pro-Iranian Shi'ite groups in *Beirut's southern suburbs* are believed to be holding all or most of the hostages in Lebanon, and tensions have been running high between Tehran and Damascus since 7,000 Syrian troops marched into West Beirut to restore order in February.

Steel warns SDP against compromise on Alliance

By Michael Cassell, Political Correspondent

MR DAVID STEEL, the Liberal leader, *last night* urged the Social Democratic Party to reject any "half-baked compromise" over the future framework of the Alliance and warned that a historic opportunity would be missed if it broke up through "petty party pride and chauvinism."

Mr Steel was addressing his party's national executive three days before a crucial meeting of the SDP's own national committee, called to discuss the merger issue. He rejected the type of federal solution put forward by Dr David Owen, the SDP leader, reaffirmed his support for a full union between the two parties and set out what he saw as essential terms for a United Alliance.

The Liberal leader acknowledged fears within both parties about their extinction in the wake of a full merger, but said it should not be beyond their collective wit to retain the distinctive strands of social democracy and liberalism within one, united organisation.

Failure to resolve at once the future of the Alliance would harm its electoral prospects. He had no wish, like some SDP members, to spend the next three years arguing on a range of operational and policy issues.

On Monday, the SDP national committee will decide whether to ballot party members on a *motion calling for a closer*, constitutional framework with the Liberals, but rejecting a merger which would mean abolition of the SDP. The motion is supported by Dr Owen.

In a move which highlights the SDP divisions, an alternative motion retaining the merger option will be put forward by Mrs Shirley Williams, the SDP president. In a gesture intended to strengthen her hand, Mr Des Wilson, the *Liberal president, will this* weekend confirm to Mrs Williams the extent of Liberal support for her initiative. Efforts will also be made to see if both parties can pose broadly similar questions in their respective ballots.

Mr Steel told his national executive that the Alliance had to be based on one-member-one-vote and should have a properly representative annual conference. Policy-making demanded one integrated and democratically accountable process, the leader had to be elected by the entire membership and there would have to be one campaigning organisation.

Without these principles, he claimed, "no amount of paint and plaster applied by the well-*known decorating* firm of Messrs Fudge and Mudge would be able to hide deep cracks in the Alliance from the electorate." However tragic, separation would be better than being "locked forever in a wary and weary relationship, of which the only guiding constitutional principle was mutual suspicion."

CHIEF LONDON PRICE CHANGES YESTERDAY

(Prices in pence unless otherwise indicated)

RISES		
Acsis Jewellery	168	+ 122
Argyll Group	450	+ 11
Burmah Oil	579	+ 16
Cadbury Schweppes	278	+ 8
Christies Intl.	551	+ 18
Enterprise Oil	292	+ 17
GKN	385	+ 19
Lanca	85	+ 6
Land Securities	562	+ 14
LASMO	314	+ 16½
MEPC	555	+ 20
Mersey Dock Units	110	+ 24
Polly Peck	297	+ 17
Royal Ins.	513	+ 24
Scottish & Newcastle	259	+ 8
Thorn EMI	761	+ 27
FALLS		
Ladbroke	416	− 10½
London Intl.	318	− 19
Sutherland (E. T.)	86	− 4

WORLDWIDE WEATHER

		Y'day midday °C	°F			Y'day midday °C	°F			Y'day midday °C	°F			Y'day midday °C	°F
Ajaccio	S	23	73	Dallas†	F	21	70	Madrid	S	31	88	Rykjvk.	F	13	55
Algiers	S	27	81	Dublin	R	13	55	Majorca	S	29	84	Rhodes	S	26	79
Amsdm.	C	15	59	Dbrvnk.	S	26	79	Malaga	S	25	77	Rio J'o†		—	—
Athens	S	31	88	Ednbgh.	F	15	59	Malta	S	27	81	Rome	S	27	81
Bahrain	S	38	100	Faro	S	26	79	M'chstr	Dr	12	54	Salzbrg.	C	19	66
Barclna.	S	24	75	Florence	S	29	84	Melbne.	S	13	55	S'ciscot	F	12	54
Belfast	C	14	57	Frankft.	R	17	63	Mx. C.†		—	—	Seoul	F	31	88
Belgrd.	S	26	79	Geneva	C	15	59	Miami†	S	28	82	Singapr.	F	31	88
Berlin	C	19	66	Gibrltr.	S	22	72	Milan	C	23	73	S'tiagot		—	—
Biarritz	F	20	68	Gl'sg'w	F	16	61	Montrl.†	F	20	68	Stckhm	C	15	59
Bmghm.	C	15	59	G'nsey	F	16	61	Moscow	C	22	72	Strasbg	C	17	63
Blackpl.	C	14	57	Helsinki	F	15	59	Munich	R	16	61	Sydney	S	16	61
B. Aires		—	—	H. Kong	F	32	90	Nairobi	F	25	77	Tangier	S	27	81
Bombay	F	32	90	Innsbrk.	F	20	68	Naples	S	28	82	Tel Aviv	S	27	81
Bordx.	F	20	68	Invrnss.	C	13	55	Nassau		—	—	Tenerife	S	26	79
Boulgn.		—	—	I.o.Man	C	14	57	Nwcstl.	C	13	55	Tokyo	C	23	73
Bristol	F	17	63	Istanbul	S	26	79	N. Delhi	S	40	104	Trintot	F	20	68
Brussels	C	17	63	Jo'burg	F	8	46	N Y'k†	Dr	17	63	Tunis	F	26	79
Budpst.	S	25	77	Leeds	C	11	52	Nice	C	22	72	Valencia	S	30	86
Cairo	S	31	88	L. Plms.	S	25	77	Nicosia	S	26	79	Venice	S	26	79
Cardiff	S	18	64	Lisbon	S	27	81	Oporto	S	19	66	Vienna	S	25	77
Cape T.	F	18	64	Locarno	R	17	63	Oslo	C	14	57	Warsaw	C	21	70
Chicg.†	F	18	64	London	C	18	64	Paris	F	17	63	Wshgtn	C	22	72
Cologne	C	19	66	L. Ang †	C	16	61	Peking	S	30	86	Wellgtn	C	11	52
Conhgn.	R	13	55	Luxmbg.	C	17	63	Perth	C	17	63	Zurich	R	14	57
Corfu	S	28	82	Madeira	S	24	75	Prague	F	22	72				

C—Cloudy. Dr—Drizzle. F—Fair. Fg—Fog. H—Hail. R—Rain. S—Sunny. Sl—Sleet. Sn—Snow. T—Thunder.
† Noon GMT temperatures.

Moscow Continued from Page 1

and appointing more radical editors.

He has layed a key role in promoting the glasnost, or openness and greater freedom of expression allowed over the last two years. Although he was considered progressive rather than liberal, word sperad among Moscow intelligentsia soon after his apointment that articles submitted by cautious editors to his department for vetting were being returned unread with a note saying the *editor should make up his own* minw.

He was previously deputy head of the propaganda department but was dismissed in 1970 — apparently for critising neo-Stalinism and Russian chauvinism. He then spent 11 years as Soviet Ambassador to Canada.

Mr Slyunkov, former party leader in Belorussia, has a less well-known track record. Earlier this month, however, he delivered a radical speech on the economy to a special conference of reform-minded Soviet industrial leaders

Further evidence of Mr Gorbachev's current political strength is the agreement by the Politburo and the central committee to cal a *special* Communist Party Conference on 28 June next year. This will apparently be able to change Communist Party rules and personnel.

Maxwell and Today Continued from Page 1

Approval is likely because of the paper's huge losses and the likelihood that closure might rapidly follow if a transfer of ownership were blocked.

The deal was delayed several days because of the 10 per cent *stake held* by Mr Eddie Shah, the paper's founder. Mr Maxwell's initial offer for Today was £1 and a much larger liability on the paper's debts. This would have meant that Mr Shah received 10p for his role in the transformation of the economies of Fleet Street.

Yesterday Mr Maxwell, who wanted Mr Shah's blessing on the deal, reached a settlement with the founder of the paper *for a six-figure sum*. Mr Shah will give up his directorship of News (UK), the Today company, and sever final links with the paper.

Mr Jeffrey Archer, the author, who accepted 650,000 shares in Today in lieu of payment for the syndication of his book, A Matter of Honour, is believed to be declining to part with his stake of just under 1 per cent.

Mr Maxwell has beaten his old rival Mr Murdoch to the draw, although at an enormous price. Mr Murdoch is believed to have shaken hands on a deal with Mr Rowland two weeks *ago. It envisaged staged* payments linked to circulation levels which could have given Mr Rowland £40m eventually if the paper had become really successful.

The Murdoch talks became bogged down in detail and finally ended abruptly,

WEEKEND FT

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Cultural bagmen

Robert Mauthner reviews the civilised side of Britain's diplomatic effort

LEGEND HAS IT that Marshal Goering, the chief of Germany's Luftwaffe during the Second World War and Hitler's right-hand man, would reach for his revolver every time he heard the word culture.

The average Briton's reaction may be less extreme, but it is unlikely to be much more enthusiastic.

To most English ears the word culture, embracing as it does a nation's language, literature, art, music, philosophical ideas and way of life, tends to have pretentious overtones. It lacks the intellectual appeal that it has for the French and Germans, who are more conditioned to abstract ideas.

As for "cultural diplomacy," the subject of an important report due to be published next week by the Foreign Affairs Committee of the House of Commons, that concept has been considered altogether too vague and ethereal to have been given much consideration in Britain until comparatively recently.

The financial difficulties faced today by the British Council, which defines its aims as "to promote an enduring understanding and appreciation of Britain in other countries through cultural, educational and technical co-operation," and by the BBC's External Services, can be traced back to this historical disdain of "cultural diplomacy."

The French idea of a civilising mission —*mission civilisatrice* — which was nurtured in the sophisticated atmosphere of the 17th and 18th centuries and fostered, above all, by Louis XIV, was completely alien to the British mentality. While France spread its language, literature and philosophical ideas round the globe — first through mission schools and then through the ubiquitous Alliances Françaises — Britain was content to extend its empire by more traditional means, such as military and naval power.

British neglect of the cultural aspects of diplomacy became particularly acute during the Victorian era, when the Empire reached its apotheosis. Harold Nicholson, in the 21st Anniversary Report of the British Council, ascribes British policy at the time to a mixture of arrogance and dislike of self-advertisement.

"If foreigners failed to appreciate, or even to notice, our gifts of invention or our splendid adaptability, then there was nothing that we could do to mitigate their obtuseness. The genius of England, unlike that of lesser countries, spoke for itself." Another prominent official, writing in 1919, put it even more concisely: "to promote an image of one's country in time of peace is not cricket."

Not cricket, perhaps, but as the imperial splendours began to fade, Britain became increasingly involved in other, more serious, games like trade with countries outside the Empire. Suddenly, cultural relations and diplomacy began to have a practical relevance hitherto denied by officialdom.

In 1929 — the very year when France was estimated by the Foreign Office to be spending £500,000, the Germans £300,000, the Italians just a little less and the British nothing at all on cultural relations — a seminal report was published underlining the relationship between cultural links and trade.

The D'Abernon trade mission's report, extensively quoted in Frances Donaldson's The British Council: The First 50 Years, could have been written today. It makes the familiar point that Britain had not taken advantage of its privileged economic position in South America.

In a final chapter entitled "The Commercial Importance of Cultural Influence," the report said: "To those who say that this extension in influence has no connection with commerce, we reply *that they are totally wrong;* the reaction of trade to the more deliberate inculcation of British culture which we advocate is definitely certain and will be swift."

The report underlined in the clearest possible manner the fundamental British attitude that cultural diplomacy—in the sense of actively promoting the country's image in fields ranging from education to the arts—was desirable only if it brought tangible benefits or countered the negative impact on Britain's interests of other countries' policies.

Talleyrand's famous prescription to French ambassadors leaving Paris to take up their posts: "Make them love France!", would probably have been considered undignified by the British ruling classes of the time. Yet its typically utilitarian adaptation, "Make them love British goods" has become a much more acceptable precept for British diplomacy in the post-imperial period—cultural or otherwise.

The belief that trade benefits are engendered by cultural relations was certainly one of the main reasons for the creation of British Council in 1934 as a partially publicly-funded, but autonomous organisation. Sir Anthony Parsons, former British Ambassador to the United Nations and, until recently, Mrs Thatcher's special foreign policy adviser gave what can be described as the modern British recipe for cultural diplomacy in the British Council's 50th anniversary lecture in 1984:

"If you are thoroughly familiar with someone else's language and literature, if you know and love his country, its cities, its arts, its people, you will be instinctively disposed, all other things being equal or nearly equal, to buy goods from him rather than from a less well-known and well-liked source; to support him actively when you consider him to be right and to avoid punishing him too fiercely when you regard him as being in the wrong."

It all sounds disarmingly simple and obvious. Yet ever since its inception, the value of the British Council's work has been questioned and its purse-strings tightened.

Its image was not helped by the press, particularly that part of the press owned by Lord Beaverbrook, whose newspapers, between 1939 and their owner's death, carried on a relentless campaign against the Council which certainly harmed its cause.

The technique was to represent the Council's officers as effeminate and long-haired bohemians more interested in disseminating such arcane British artistic activities as morris dancing and madrigal singing to incredulous foreigners than in painting Britain in its true virile colours.

One attack by the Daily Express, quoted in Lady Donaldson's book, reads: "Which is the best propaganda for us—the roar of British bombers and fighters, or the melody of madrigals broadcast by the British Council? If we saved the money wasted by the Council, we could have three extra squadrons of fighters to join the display."

If the fact that this article was published only one month before the outbreak of the Second World War gave the newspaper some excuse for its crude outburst, the same can hardly be said of its leading article in October 1952, quoted by J. M. Mitchell in his book International Cultural Relations.

"With a fa-la-la! Observe what the British people get for their money. 'British Serenade the Germans' said a page one headline yesterday, announcing that the Council's carollers are to woo the beefy, beer-drinking Bavarians with Elizabethan madrigals."

What the British people get for their money—to use the Beaverbrook publications' bench-mark—is a lot more today than it was 35 years ago. Maligned, derided and subjected to 21 reviews in the first 50 years of its existence, not to speak of Mrs Thatcher's financial cuts, made since 1979, the British Council has emerged as a much leaner and efficient animal.

The transformation of the Council really began with the decision, in 1959, to move away from the old centre-based activities—providing information about Britain through libraries, scholarship programmes and language teaching centres—into the field of aid and technical co-operation.

In geographical and political terms, this meant much greater concentration on the developing countries of the Commonwealth, less on the traditional areas of cultural relations such as Europe, Egypt and other Middle Eastern countries, and Latin America.

In organisational and financial terms, the British Council became, in effect, the agent of what is now the Overseas Development Administration, administering educational aid and training programmes with money provided by the ODA. Indeed, these so-called "agency" funds now make up as much as 47 per cent of the Council's total annual budget of £238m for 1986-87.

When diplomatic priorities changed back to Europe in the early 1970s, to take account of Britain's imminent membership of the European Community and the consequent need to promote its European cultural credentials, the British Council, as so often before, found itself short of funds for this purpose.

The British Council responded manfully to the challenge. It developed its English Language Teaching Centres, during a short period of three years, to the point at which they now generate a healthy surplus. (Indeed, revenue from English language teaching and educational services currently represents some 15 per cent of the total funding of the Council's programme.)

Paolo di Paolo

The yelps of pain which continue to emanate at periodic intervals from the normally tranquil corridors of Spring Gardens, the Council's headquarters just off Trafalgar Square, are caused by real wounds, not just greed. For, as Sir John Burgh, the Council's outgoing director general, never ceases to point out, the steady, if slow, increase in the total budget masks a very substantial erosion of the government's direct grant —the so-called "mixed money" because of its Foreign Office and ODA origins—which has declined by 21 per cent in real terms over the last eight years.

It is this grant which gives the Council flexibility in its activities; the only money which it is completely free to spend as it likes. This grant funds all its work in the developed world, including the eastern bloc; an increasing proportion of its activities in the newly industrialising countries; and all non-aid work in the developing world.

Other European countries of similar size and importance, for example, France and West Germany, are spending three to four times as much as Britain in the first case, and two and a half times as much in the second.

Even Japan, which first began to practise cultural diplomacy in the early 1970s, is now spending about the same as Britain on cultural relations.

Priority is being given to the subsidisation of overseas students. Numbers are planned to rise from 15,000 today to 100,000 by the end of the century. This compares with Britain's current figure of 56,000, a drop of 38 per cent from the level in 1979—the direct result of 1979 government imposition of full cost fees.

There are, it should be said, three distinct schools of thought over what should be done about Britain's cultural diplomacy. The Foreign Office defends the government's current policy (as is its wont) and believes, broadly speaking, that as much public money is being spent on its cultural relations as is compatible with present financial constraints.

There is what might be termed the radical school, represented by the Central Policy Review Staff—better known as "the Think Tank"—which, in 1977, recommended either the complete abolition of the British Council or the drastic reorganisation and reduction of its role in cultural and educational diplomacy.

It is perhaps significant that Doctor Tessa Blackstone, now Master of Birkbeck College and a prominent member of the team which produced the Berrill Report, has slightly modified the views to which she subscribed 10 years ago. The report, she wrote recently, was perhaps a little too rigid in the application of its own analysis: if British interests could not be directly served by some actively, then low priority should be given to the spending of public money on it.

"There is merit in concentrating effort where access to British culture is difficult, such as the Soviet bloc and some Third World countries, rather than where it is relatively easy, such as Western Europe and North America."

Blackstone, however, still endorses the gist of the argument in the controversial report which she helped to draw up. That is that the concept of cultural diplomacy should be dropped, but educational and cultural contacts with other countries should be supported on their own merits.

The "cultural diplomats," personified by Sir John Burgh and Sir Anthony Parsons, are certainly prepared to accept some of the arguments about priorities. Sir John himself constantly stresses the need for a higher British educational profile in countries like Indonesia, where most of tomorrow's political leaders, scientists and technicians — the so-called "successor generations"— have been trained in other countries such as West Germany and the US.

What they reject utterly, on the other hand, is that cultural diplomacy is somehow a useless concept. "It matters that in West Germany even intelligent and educated people who have no cause to concern themselves particularly with Britain, build up an image of Britain consisting of football hooligans, decline, racial friction and archaic traditions," Sir John has said.

Those with experience of living and working abroad know how important for Britain's image and prestige the objective news broadcasts of the BBC World and foreign-language services, or the organisation of an exhibition of Turner paintings in Paris, are. For them there can be no doubting Sir John Burgh's statement to the Foreign Affairs Committee of the House of Commons that cultural relations are "an important and integral aspect of foreign policy."

Rather than seeing their fundamental role constantly questioned, the "cultural diplomats" need to be given clearer guidelines on the immediate and long-term objectives of British foreign policy, so that their efforts can be focused on those areas which will best serve the country's interests.

The Long View

Give credit only where it is due

Analysts in London seem alarmed about the credit boom; but in Japan they are learning to love plastic money. Anthony Harris argues that credit growth is a threat only if it is mismanaged

TIM CONGDON, the intelligent but unsmiling chief economist of Messels, has a message for the world. In his circulars and in articles for various newspapers and weeklies, he is *sounding the alarm* about a second Barber boom.

The rapid growth of consumer borrowing, still going strong at about 20 per cent a year in its sixth straight year, and its mirror image in the growth of broad money, spells inflation to him. If you look at house prices, his warning seems well founded; and if other prices are still quite stable, this could be a simple matter of time lags.

His words are a bit extreme —he has always been the Savanarola of monetary economics—but clearly he is speaking for an influential part of the market. The recent weakness of sterling, and the persistently high yield on gilts, shows that the market is worried about British inflation, although it certainly is not discounting another Barber-style explosion.

On the other side of the globe, on the other hand, they seem to envy the British consumer. The Japanese, whose thriftiness has become a major world problem, have just announced measures to encourage an Anglo-American-style consumer credit boom.

Up to now, they have largely strangled consumer credit in red tape. The banks are not allowed to make loans to what the central bank defines as high-risk borrowers — which includes consumer finance houses. Credit cards are permitted, but only on the basis of strict monthly settlement.

The result has been to concentrate lending in the mortgage market, which is not officially risky, and indeed to fuel the British credit boom by diverting Japanese funds into the British mortgage market, too. The Japanese banks, you see, have to work hard to find paying outlets for the huge flow of Japanese savings.

The price structure suggests that the British free-for-all results in a more sensible structure than the application of Japanese prudence. In Japan, despite zero inflation and an official discount rate of only 2½ per cent, consumer loans are charged at a rate which would bring a blush to the cheek of a Shylock.

House price inflation, in this sluggish strong-currency country, dwarfs our own experience; and the stock market has risen to levels which frighten many Japanese professionals, as has been clear from the huge two-way trade in Tokyo this week. They are now determined to divert funds into consumer spending, which will create employment and might help to reduce the Japanese surplus.

This seems to be thoroughly good news, and something of a lesson to the international experts who have been banging the table endlessly demanding higher borrowing by the Japanese Government. Even the united central bankers were repeating this demand at the annual meeting of the Bank for International Settlements last week.

Their demand might look like good old-fashioned demand management, and it is true that the Japanese national savings rate is a problem. What is not true, though, is that only a change in government borrowing can make any difference.

There are circumstances when governments have to borrow; they were identified by Keynes 50 years ago. Governments must borrow when nobody else will—when simply making money cheaper is like pushing on a string, as he put it.

However, when official rules are pulling on a string which is garotting the consumer market, the first thing to try is to stop pulling.

The result of abandoning these restraints could be far more powerful than any conceivable government action, to judge by British (and, still more, by American) experience. The end of credit controls here, and of banking restrictions in the US, started a portfolio adjustment which apparently takes years to complete.

What happens usually is described as a binge or a spree, but in reality it seems to be a good deal more sober. Consumers, freed from the nanny-knows-best restrictions of their central bank, feel their way quite cautiously towards the burden of debt which they feel they can service comfortably.

There is growing evidence that American consumers may now have reached that level, and that British borrowers are beginning to impose some self-restraint. Meanwhile, their willingness to borrow and to buy has been perhaps the most important reason why Britain has not experienced the world recession which was predicted so widely when the sovereign debt problem surfaced five years ago.

Sovereign lending was a clear example of really rash credit expansion, which has imposed a long and unnecessary agony on hundreds of millions of people and especially on the poor; but that lending was applauded enthusiastically by the central bankers while it was going on.

The Bank of England, to do it some credit, is not quite so complacent about mortgage inflation now as it was about sovereign lending then; but it is not worried enough to do anything to check it.

Yet, there is real long-term risk. If house prices fall, as they are likely to do a few years from now as the population ages, some borrowers will go bust. This is singled out by Michael Stewart and Peter Jay, in their new disaster warning book, as the likeliest trigger for a slump.

The Bank of Japan has only just started trying to restrain a much more dangerous use of credit. Japanese companies, which are finding profits difficult to earn with the yen so high, have not only been speculating in the stock market with their cash reserves but borrowing huge sums to increase their exposure.

This means that a big setback in the Tokyo market could bankrupt some of the companies whose shares now stand so high. The average consumer would never indulge in such idiocy.

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The phoney boom

THOSE CAUTIOUS old hands who advised clients against any rapid post-Election surge in share prices have every reason to be *smug*. Two weeks on, the London market — despite some sizeable swings—has gone precisely nowhere.

But that, after all, is just what experience would teach. In five of the last six *elections*, the market has been lower a month after polling day. And thoughts that a wave of overseas buying would make any immediate difference this time —whatever the long-term impact—always looked a trifle optimistic.

Even so, the market is having its fair share of swings and roundabouts. Trading looked to be starting on a firm note last week—until worries about a weakening pound, the absence of foreign buying and falling gilt prices sent shares skidding *on Monday* afternoon.

Come Tuesday, dealers scented late interest from *Japanese investors* and the FT 100-Share index almost made up the previous day's 21-point loss. *On Wednesday we had more of* the same, helped by a strengthening pound and more overseas *buying in the bond market.*

But on Thursday the cash call factor came back into play; Argyll unveiled a *£208m issue* just a week after BPCC's chunky £630m rights, and the red ink flowed.

By Friday morning everyone seemed to have had enough, and trading dwindled to a dribble —only to see an oil share surge after lunch on hopes that the Vienna Opec meeting will lead to higher prices. That left Footsie up 25.2 points on the week overall at 2,291.3.

All this volatility stems from *a few familiar* influences. Fundamentals are solid, but the overseas buying potential is *anyone's guess. While sterling* stays wobbly, the market has resigned itself to the current level of interest rates, pushing yields on *high coupon longs* back beyond the 9 per cent level.

The traditional cash-calling season — compounded by the arrival of the BAA float and thoughts that Midland Bank and

London

Eurotunnel may make sizeable taps later this year—is acting as an inevitable short-term depressant. This leads most analysts to one conclusion: temporary swings, despite some solid underpinning, will be in order for a while yet.

If any one company had a disproportionate influence on last week's gyrations, it must *have been Argyll.* The cash call alone was something of a surprise; it came just five months *after the company had a £621m* vendor placing to pay for the bulk of its £681m Safeway *acquisition and will be used to* fund the Safeway store development programme. That *envisages 22 new Safeway* stores in the current year, 25 a year up to 1991, plus a hefty conversion programme of existing Presto outlets to the Safeway name. By early 1991, there should be some *350 Safeway* stores, compared with the 131 bought in January.

All of this might have gone down smoothly. After all, Argyll's decision to concentrate on more up-market food-retailing, its withdrawal from the drinks business and hopes that there may still be some compensation for the £34m cost of its Distillers bid, had helped rerate the shares from 320p at the start of the year to 483p ahead *of* Thursday's news.

But what sent the shares 45p lower—and took much of the retail sector with them—was Argyll's announcement that the £90m cost of the Safeway programme will be taken above the *line, and impact directly on* pretax profits. The conversion and opening programme, argue the accountants, is part of on-going trading, not a one-off extraordinary cost.

So, with Argyll having reported a 26 per cent increase in *pre-tax* profits at £80.6m in the year to end-March—with just £4.4m due to a one-month *contribution from* Safeway—current-year estimates are being scaled down from some £160m *to around £125m. That would* leave the shares (after a 10p bounce-back on Friday) on a PE *of 24 — expensive by any* standards unless potential legal action were to pay off.

It was the immediate thought that other companies, in a particularly predatory sector, could be obliged to treat post-bid reorganisation costs in a similar fashion which sent store shares tumbling across the board.

By Friday morning discrimination resurfaced. Many saw prices up by 5p-10p by early afternoon, although the two most comparable to Argyll —Tesco, which last month acquired Hillards, and Dee, which is currently digesting last year's Fine Fare acquisition —*saw a further 7p fall to 565p* and an unchanged 228p respectively.

There are no such fireworks for the mass of TSB shareholders who have clung on to their shares following last October's flotation. The shares themselves, still trading in partly-paid form, have seen little excitement over the past seven months, and news of £131.8m pre-tax in the 23 weeks to end-April did nothing to generate any.

On an adjusted basis, the progress—a 51 per cent advance—*looks impressive enough,* but much of that is due to income from money raised in the float, and gilts profits. All eyes drifted towards the banking profits, just £2.2m higher at *£71.6m* in the face of increased competition for retail deposits and the shares edged ½p lower to 93½p.

The second call on the shares —50p—comes up in September. And solid and steady though they look, with acquisitions still a possibility, there could be a case for anyone with *short-term horizons taking their healthy profits now. Come* September, others may have the same idea.

Before then, many of the same small shareholders may choose to tussle with the BAA float. The issue—expected to *raise* some £1.2bn—will not take place until next month, but the pathfinder prospectus *published* last week set out an inventive hybrid structure for the offer, part tender and part fixed price.

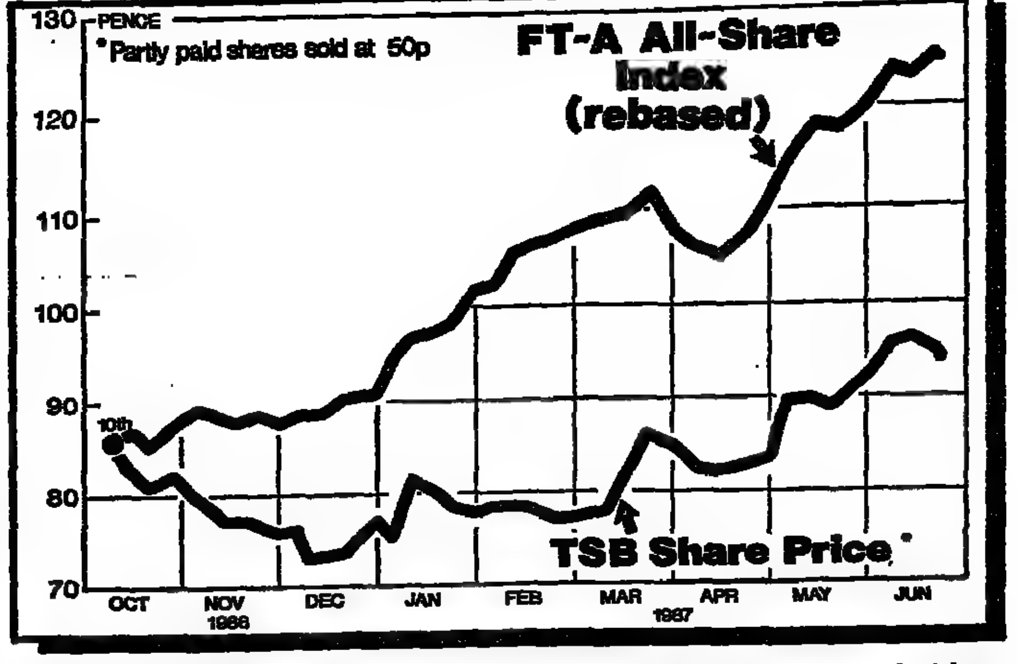
Investors will be able to make one application for those shares being sold at a fixed price—the conventional system. But adventurous souls can then tender as many times as they like (at any price from the fixed price upwards) for the rest. If offers are successful, however, investors must pay the price they offered — not, as is usual, a common "striking price." If the stags get that one right, they will probably have earned their money.

Another promised post-election surge which has yet to develop is that on the takeover front. For all stories of merchant bankers beavering furiously, all that has so far emerged is a heap of rumours. Last week, much of the action centred on Reed International—with talk that either Mr Robert Maxwell or his current US target, Harcourt Brace Jovanich, might be interested. Amid denials all round, Reed shares, having added 30p to 576p at the end of the previous week, headed to 633p before easing back to 577p.

Reed was not the only one: up went GKN on optimistic thoughts that BTR might be interested, as did Plessey on the vaguest of speculation.

Hope, it seems, springs eternal — and probably will for a few weeks yet.

Nikki Tait



HIGHLIGHTS OF THE WEEK

	Price y'day	Change on week	1987 high	1987 low	
FT Ordinary Index	1790.7	+32.4	1801.7	1320.2	Gilts lead rally
Argyll Group	450	−27	499	321	Conservative accounting move
Bremner	120	+22	120	66	Details of Carswell acquisition
Drummond	215	−11	230	148	Disappointing annual results
ERF	145	+30	145	50	*Recovery potential*
Finlay (James)	114	+12	118	80	Bid speculation after poor results
Hanson Trust	*175½*	*+14*	*176½*	*134*	*Successful 45m share placing*
Holden Hydroman	283	+68	288	145	Agreed offer from BBA
ICI	£15$\frac{7}{16}$	+ 0$\frac{11}{16}$	£15½	£10⅛	Stauffer chemical businesses sold
Lancs	85	+20	88	44	Boardroom appointments
Land Securities	562	+30	564	336	Re-rating following Pearson prop. deal
MEPC	555	+50	555	336	Re-rating following Pearson prop. deal
Marley	184	+13	184	120	Broker's recommendation
Miller (Stanley)	166	+38	166	38	Press comment
Rothmans	360	+74	360	177	Bumper preliminary figures
Sheraton Securities	115	+15	115	50	Broker's recommendation
Soundtracs	78	+ 5	88	37	Satisfactory half-year results
Volex	383	+38	383	227	Better-than-expected results
Woolworth	406	−20	461	340	Retailers unsettled by Argyll move
Wyndham Group	*238*	*+98*	*238*	*118*	*Annual results/acquisition news*

First find your feet

THE THIRD Market has cut *rather a dull figure since its* introduction in late January. But its investors have little cause *for complaint. Many of* the smaller stocks on the third tier have seen their shares rise sharply; and in recent weeks the new markt has gathered momentum.

After a flurry of activity in its opening week, the early months of the Third Market were marred by sluggish turnover and a dearth of new issues. So far the third tier has mustered turnover of little more than £2m a week; it took almost four *months for the Third Market* Index—compiled by the stockbrokers Credit Suisse Buckmaster & Moore—to rise above its original 100.

Still worse was the paucity of recruits to the new forum. Before its introduction analysts anticiapted that as many as 200 companies would have joined the market by the end of its first year. *These forecasts were over* optimistic. Only recently has the number of Third Market companies crept into double figures.

Sluggish turnover, faltering index and recalcitrant recruits apart most of the small companies quoted on the Third Market have fared remarkably well; and so have their shareholders.

The most successful of all has been **Publishing Holdings**, a financial publishing and marketing group, which has seen its share price multiply *more than fourfold since its* introduction at 18p in January. Last month it unveiled pre-tax profits *of £201,369 (£91,124) on* turnover of £4.5m (£1.1m) and waxed bullish about its prospects for the present year.

In recent weeks Publishing Holdings has emerged as something of a "professional punt;" that is, a stock favoured by the professional traders. Two other Third Market stocks—**Abelscot** and *Edenspring—fall into the* same category and both have doubled their share prices *since joining the new market.*

Abelscot is the product of the reverse takeover of Domes of Silence — a lyrically named manufacturer of furniture *gliders—by Abelscot-Marchant,* a distributor of graphite

Junior Markets

materials and a subsidiary of Emess Lighting, the expansive group on the main market. Michael Meyer, chairman of *Emess and the architect of its* success, is also non-executive chairman of Abelscot. Much of the interest in the stock is rooted in hopes that he will be equally successful at Abelscot.

Edenspring surfaced on the third tier after a traumatic *time on the over-the-counter* market, thanks to its reverse takeover by Braham-Hill, another *financial publishing* and marketing group. The combine broadcast its return to profit last month and the shares have more than doubled from 90p since their introduction in March.

Meanwhile the shares of **Catalyst Communications** and **Corton Beach**, the mini-conglomerate, have risen by more than 50 per cent since January. Moreover **Chelsea Artisans**, a mirror manufacturer, has seen *its share price soar by more* than 50 per cent in little more than a month on the market; *as has* **Crown Eyeglass** which is involved with spectacle production and franchise distribution.

The apparent incompatibility between the success of these individual stocks and the lack*lustre pace of the market* as a whole is explained by the influence of the mineral exploration stocks which transferred to the third tier from the Stock Exchange's rule 535(5) category.

Few of these stocks have fared well on the new market. Given that they tend to be larger than the "conventional" *companies.—Eglinton Oil and* Gas, for example, is by far the largest member of the market — the fall in their shares has distorted the overall outlook.

But the value of Third Market stocks is also distorted by the scarcity of shares. Given that the companies are so small and issue a relatively low proportion of equity, even modest trading *has a disproportionate effect on* the share price.

Doubling and quadrupling shares within a few months sounds impressive but investors should take heed that the "spread" between buying and selling prices is wider for third tier companies than for larger stocks on the USM and main market. Moreover even a hint of *bad news could send the shares* spiralling down.

That said, investing in small companies—and watching them grow—can be fun. In recent weeks the third tier new issues market has gathered momentum and several companies plan to go public in the next month or so.

Far East Resources, which is *involved in oil and gas* exploration in the Philippines, yesterday unveiled proposals for its *placing. The coming week* should see the emergence of **Comac**, an employment agency supplying staff to computer companies, and **Medirace**, which is engaged in cancer and AIDS research.

Alice Rawsthorn

New charge in electrics

WEATHER PERMITTING next week sees the pinnacle of the British sporting season. On *Thursday and Friday*, Wimbledon will be into its most exciting stage, Henley will be in full swing, the *Third Test* will be under way at Headingley—and there will be very few company results around. Stock market analysts, polite as ever, affect to see no connection.

However truncated, the week will be notable for focussing attention on the electronics sector. Early 1980s optimism about the computer industry, *defence electronics and demand* for telecommunications has been disappointed, and the sector *has been on a down since* 1983.

This year, it has underperformed the All Share by *14* per cent. There appears to be considerable scepticism in the market whether the growth and growth prospects for the economy and industrial orders in the UK are going to be translated into commensurate *profits and share prices* for manufacturing industry.

Monday will begin to test the proposition with the results from **Dowty**, which has now split itself into five divisions: electronics *systems*; infotech; aerospace; mining equipment; and industrial.

Dowty has been described as "a tedious stock." However, this year it will be producing its final results a month early after a 33 per cent rise in first half profits. Only this month

Results due next week

it has made acquisitions *for* over *£60m* in cash, which will increasing itst gearing to over 40 per cent.

Analysts, however, find it hard to forget that the year-end figures have been *disappointing* in years past. There are very recent forecasts of £55m for the year, up 15.6 per cent, with hopes of some acceleration in this growth rate in 1987-88.

Big Daddy checks in on Tuesday, when GEC reports for the year to March 31. There is a strong party in the market which says that the group is set for a fundamental re-rating after five years of underperformance in share price terms. But *in the immediate short* term, the question is whether profits before tax could get as *low as £650m for 1986-87*.

GEC reported £275m, down 5 per cent, for the first half last December. People then were still hoping for £725m for the year against £701m in 1985-86. Lord Weinstock shook out that brand of optimist in the spring when he bracketed the costs of the Nimrod failure with rising r & d and expensive deck-clearing *operations as obstacles* to performance in 1986-87.

However, the managing *director said at the same time* that GEC would resume its growth in the near future. Since then the company has been involved in three takeovers—the latest being the £125m acquisition of Creda, the TI Group's domestic appliances division, earlier this month.

These acquisitions, plus a joint venture into medical electronics with Philips of the Netherlands (which will, *inter alia*, absorb between £90m and *£120m of the GEC "cash mountain"*) demonstrate a strategy of non-organic expansion

Wednesday brings finals from Ferranti, which reported new orders up by 30 per cent last September. Other divisions like defence and computer systems countered the world-wide slump in semi-conductor demand at half time, and £2m of property profits helped the interim pretax level up by £3m to £21.9m.

That should have meant recovery *plus in the full year* after a fall from £46m to £41.1m pre-tax in 1985-86. Some analysts, however, began to trim back this spring, partly because of the continuing problems they perceived in contracting for the Ministry of Defence; "the government's competition policy is slowing down procurement," *is how one put it.*

The cautious side of the City, therefore, is going for the low end of a £46m-£48m range, expecting both delayed defence orders and the acknowledged recovery in California's Silicon Valley, home of the semiconductor industry, to fall into the current year.

Company	Announcement due	Dividend (p)* Last year Int.	Final	This year Int.
FINAL DIVIDENDS				
Associated British Engineering	Friday	—	—	—
Bogood-Peledah	Monday	0.1	0.2	0.0
Burtonwood Brewery	Friday	2.5	8.3	2.5
Campbell and Armstrong	*Monday*	—	—	1.3
A. Cohen	Monday	3.3	7.5	3.7
Davy Corporation	Thursday	1.1	3.7	1.5
Dowty Group	Monday	2.3	3.2	2.6
Elswick	Wednesday	—	—	—
Fashion and General	Wednesday	10.0	17.0	10.0
Ferranti	Wednesday	0.5	1.1	0.6
Hampton Trust	Thursday	0.3	0.6	0.5
Hobon	Tuesday	—	—	—
Illingworth Morris	Monday	1.2	2.2	1.2
Lister and Co.	Monday	0.2	1.0	0.5
Y. J. Lovell	*Wednesday*	*4.9*	*1.5*	*5.7*
Mercury International Group	Tuesday	—	—	3.0
Reed Executive	Wednesday	—	—	2.0
Robertson Research	Thursday	0.7	1.8	0.8
Rotaprint	Monday	—	—	—
J. Rothschild	Wednesday	2.2	2.8	2.5
Alexander Russell	Wednesday	0.4	1.1	0.5
Sound Diffusion	*Tuesday*	—	—	—
Throgmorton Trust	Wednesday	2.7	6.9	—
TR North American Inv. Trust	Wednesday	0.5	1.3	0.5
Usol Consortium	Monday	—	—	2.0
WCRS	Tuesday	1.2	3.0	1.8
INTERIM DIVIDENDS				
Blue Arrow	*Monday*	*0.5*	*1.4*	
Clyde Blowers	Monday	0.8	6.3	
Domino Printing	Wednesday	0.9	1.3	
Hawthorn Leslie Group	Monday	—	—	
LPA Industries	Tuesday	1.4	1.6	
Microgen Holdings	Thursday	1.0	3.0	
Newman Tonks Group	Thursday	3.0	4.2	
Phoenix Properties and Finance	*Friday*	—	—	
Television South	Tuesday	0.4	0.9	
Yelverton Investments	Wednesday	—	—	

* Dividends are shown net pence per share and are adjusted for any intervening scrip issue.

INTEREST RATES: WHAT YOU SHOULD GET FOR YOUR MONEY

	Quoted rate %	Compounded return for taxpayers at 27%	45%	60%	Frequency of payment	Tax (see notes)	Amount invested £	Withdrawals (days)
CLEARING BANK*								
Deposit account	3.00	3.04	2.29	1.67	monthly	1	—	0-7
High interest cheque	5.50	5.61	4.23	3.08	monthly	1	1,000-4,999	0
High interest cheque	5.80	5.93	4.46	3.25	monthly	1	5,000-9,999	0
High interest cheque	6.20	6.35	4.78	3.48	monthly	1	10,000-49,999	0
High interest cheque	6.50	6.66	5.02	3.65	monthly	1	50,000 *minimum*	0
BUILDING SOCIETY†								
Ordinary share	5.00	5.06	3.81	2.77	half yearly	1	1-250,000	0
High interest access	6.75	6.75	5.09	3.70	yearly	1	500 minimum	0
High interest access	7.00	7.00	5.27	3.84	yearly	1	2,000 minimum	0
High interest access	7.50	7.50	5.65	4.11	yearly	1	5,000 *minimum*	0
High interest access	7.75	7.75	5.84	4.25	yearly	1	10,000 minimum	0
90-day	7.75	7.90	5.95	4.33	half yearly	1	500-9,999	90
90-day	8.00	8.16	6.15	4.47	half yearly	1	10,000-24,999	90
90-day	8.25	8.42	6.34	4.61	half yearly	1	25,000 minimum	90
NATIONAL SAVINGS								
Investment account	10.00	7.30	5.50	4.00	yearly	2	5-100,000	30
Income bonds	10.50	8.04	6.06	4.41	monthly	2	2,000-100,000	90
Deposit bonds	*10.50*	7.67	5.78	4.20	yearly	2	100-100,000	90
33rd issue‡	7.00	7.00	7.00	7.00	not applicable	3	25-1,000‡	8
Yearly plan	7.00	7.00	7.00	7.00	not applicable	3	20-200/month	14
General extension	7.02	7.02	7.02	7.02	quarterly	3	—	8
MONEY MARKET ACCOUNTS								
Money Market Trust	6.49	6.60	4.97	3.62	half yearly	1	2,500 minimum	0
Schroder Wagg	6.21	6.39	4.81	3.50	monthly	1	2,500 minimum	0
Provincial Trust	6.77	6.98	5.26	3.83	monthly	1	1,000 minimum	0
BRITISH GOVERNMENT STOCKS§								
7.75pc Treasury 1985-88	8.52	6.41	5.00	3.83	half yearly	4	—	0
10pc Treasury 1990	9.07	6.41	4.64	3.17	half yearly	4	—	0
10.25pc Exchequer 1995	9.21	6.54	4.76	3.27	half yearly	4	—	0
3pc Transport 1978-88	6.32	5.49	4.94	4.48	half yearly	4	—	0
2.5pc Exchequer 1990	6.40	5.67	5.19	4.78	half yearly	4	—	0
Index-linked 1990¶	6.59	6.04	5.68	5.37	half yearly	2/4	—	0

* Lloyds Bank. † Halifax 90-day; immediate access for balances over £5,000. ‡ Special facility for extra £5,000. § Source: Phillips and Drew. ¶ Assumes 4 per cent inflation rate. 1 Paid after deduction of composite rate tax, credited as net of basic rate tax. 2 Paid gross. 3 Tax free. 4 Dividends paid after deduction of basic rate tax.

COMPANY NEWS SUMMARY

TAKE-OVER BIDS AND MERGERS

Company bid for	Value of bid per share**	Market price**	Price before bid	Value of bid £m's**	Bidder
	Prices in pence unless otherwise indicated				
Am Elec Comps	38	37	36½††	43.29	Burgess
Assoc Book Pubs	730*§	695	675	209.25	Intl Thomson
Avana Group¶	887§	840	490	309.60	RHM
Brit Car Auction¶	249§	241	236	190.16	Hawley Group
Chkpoint Europe¶	416	430	270	16.64	Britannia Sec
Comb Eng Stores¶	415	417	393	325.75	Next
Comb Eng Stores	385	417	322	302.51	Ratners
Contibel	278*§	290	293	395.20	Tractebel SA
DRE Technology¶	35½§	38	43	3.32	Ferranti
Extel¶	540	526	514	275.15	United Nwspprs
Garfunkels Rest¶	270	289	248	90.26	Belhaven
Garnar Booth	300*§	315	254	29.03	Hillsdown
Garnar Booth¶	327½	315	243	31.67	Pittard
Gee-Rosen	64	62	63††	4.46	Blacks Leisure
Hallite¶	341	333	250	9.39	Evered
Hillards¶	418§	419	223	206.22	Tesco
Holden Hydroman	293§	283	215	11.33	BBA
Horizon¶	213	212	164	106.41	Bass
Jcksns Brne End	445*§	675	428	9.50	Bugge Eind A/S
Jarvis (J.)	750*§	800	775	7.60	Brookville Secs
JWT Group	£31*	£32¾	£22½	315.00	WPP Hldgs
Kwik Save	450*‡	412	390	170.19	Dairy Farm
London & Nthn¶	109	97	80½	121.48	Evered
London Pk Htls	£10	965	700	50.36	Mount Charlotte
Marina Dev¶	125*§	444	132	9.32	Clintholme
Mayfair City Props	285	208	233††	28.20	Rivlin
Media Technlgy¶	*197½§*	*155*	*160*	21.72	*Lee International*
Micro Scope¶	150*	147	106	16.00	GEC
Mitchell Cotts	79½	74	71	76.77	Suter
Molins	253	289	245	74.16	Tenor Kmdy Mllkn
Nationwide Leis	77½*	77½	77	8.30	Inspec E. & E. Grp
Norank Systems	298½	320	247	11.03	Spong
Realbrook	267½§	269	234	20.06	Yule Catto
Riley Leisure¶	86½§	83¼	75	13.72	Midsummr Leisure
Rotunda	196*§	190	146	14.21	Scapa
Sarasota Tech	320	265	107	56.45	Peek Hldgs
Sims Catering	165*§	329	145	6.15	Mr R. Randell
Stockley¶	158	156	124	376.39	Mountleigh
Stone Intnl	109½	107	154½	37.96	FKI Electricals
Wordplex	144	141	130	14.71	Apricot Cmptrs
WSL Hldgs	243½	237	203	51.59	Granada

* *All cash offer.* † Cash alternative. ‡ Partial bid. § For capital not already held. ¶ Unconditional. ** Based on 2.30 pm prices 26/6/87. †† At suspension. §§ Shares and cash. ¶¶ Related to NAV to be determined. ‖‖ *Loan stock.* ‡‡ Suspended.

PRELIMINARY RESULTS

Company	Year to	Pre-tax profit (£000)		Earnings* per share (p)		Dividends* per share (p)	
Argyll	Mar	80,600	(60,450)	23.6	(20.5)	9.1	(7.5)
Booth Ind	Mar	168	(70)	—	(—)	3.0	(—)
Borland	Mar	2,930	(5,468)	—	(—)	—	(—)
BPB Industries	Mar	144,700	(103,200)	46.2	(33.9)	12.5	(9.0)
Bridgend	Dec	356L	(217)	—	(—)	0.2	(0.3)
Brookmount	Mar	2,250	(1,500)	23.2	(18.1)	4.0	(—)
Brown & Jackson	Dec	22	(540)	—	(—)	—	(—)
BTP	Mar	5,960	(4,300)	9.3	(8.3)	5.5	(4.5)
A. F. Bulgin	Mar	247	(360)	1.0	(0.5)	0.1	(0.1)
Cable & Wireless	Mar	340,500	(295,000)	22.0	(19.3)	5.5	(4.7)
Case Group	Mar	5,420L	(14,730)L	—	(—)	—	(—)
Celestion	Apr	769	(1,070)	2.4	(2.9)	1.0	(1.0)
Charter Cons	Mar	42,200	(28,800)	29.6	(18.8)	13.0	(11.5)
Chelsea Man	Mar	1,610	(959)	—	(—)	—	(—)
CH Industrials	Mar	4,300	(2,150)	9.3	(7.5)	2.8	(2.4)
Cranswick	Mar	882	(840)	—	(—)	—	(—)
James Cropper	Mar	1,680	(1,820)	39.8	(44.2)	3.2	(2.7)
DDT	Mar	890	(1,170)	5.6	(11.6)	1.2	(1.2)
Drummond	Mar	1,740	(1,252)	18.9	(18.5)	3.7	(3.0)
Dwek	Mar‡	3,570	(130)	13.2	(1.7)	4.0	(—)
ERF Holdings	Mar	718	(1,270)	8.6	(16.3)	—	(—)
Ests & Agency	Dec	690	(263)	7.2	(4.7)	3.0	(3.0)
GEI Intl	Mar	3,350	(2,190)	5.7	(7.6)	5.8	(5.8)
Gresham House	Dec	875	(576)	12.4	(9.3)	5.4	(4.3)
Greycoat	Mar	9,100	(4,570)	11.4	(9.1)	2.7	(2.1)
Halma	*Mar*	*6,460*	*(5,280)*	*10.8*	*(9.1)*	*2.0*	*(1.7)*
Hambros	Mar	60,800	(43,400)	25.9	(24.7)	8.2	(7.1)
Hogg Robinson	Mar	20,600	(16,898)	26.7	(24.4)	—	(—)
Hughes Food Grp	*Mar*	*2,010*	*(333)*	2.6	(0.3)	0.5	(—)
Kewill	Mar	685	(626)	7.5	(6.3)	1.5	(1.2)
James Latham	Mar	2,070	(1,910)	90.7	(49.0)	16.5	(14.2)
Leigh Interests	*Mar*	*2,470*	*(1,180)*	*8.4*	*(6.9)*	*4.1*	*(3.7)*
MK Electric	Mar	19,800	(17,700)	32.2	(27.3)	12.0	(10.8)
Moorgate Mrcntle	Mar	1,800	(1,040)	4.5	(2.6)	2.0	(1.6)
Norton Opax†	Mar	10,390	(5,170)	10.5	(5.5)	4.0	(3.5)
Parkdale	Apr	1,240	(902)	5.8	(5.3)	2.0	(1.6)
Racal Electronics	Mar	100,300	(90,200)	11.2	(10.7)	3.2	(3.0)
Renold	Mar	100	(7,600)	—	(8.0)	1.3	(1.3)
Rothmans Int	Mar	195,500	(93,900)	28.6	(10.0)	7.7	(6.7)
Scantronic	Mar	1,420	(992)	7.2	(5.7)	2.0	(1.6)
Stead & Simpson	Mar	5,500	(5,160)	6.2	(5.3)	3.9	(3.5)
Stormgard	Mar	4,670L	(734)	—	(—)	—	(—)
Syltone	Mar	1,210	(802)	21.3	(14.4)	10.0	(10.0)
Unilock	Mar	2,282	(1,840)	6.5	(5.7)	2.2	(1.9)
Volex	Mar	5,420	(5,110)	29.4	(23.8)	10.0	(9.0)
Walker & Staff	Mar	363	(314)	12.0	(7.2)	2.2	(2.0)
Whitecroft	Mar	9,110	(7,300)	23.0	(18.2)	10.0	(8.4)
Wltns Betterware	Feb	1,203	(—)	8.6	(5.2)	2.5	(—)
Wyndham	Mar	229	(189)	9.6	(7.7)	1.8	(1.5)

INTERIM STATEMENTS

Company	Half-year to	Pre-tax profit (£000)		Interim dividends* per share (p)	
Anglia TV	Apr	5,300	(3,922)	4.5	(3.7)
Bett Brothers	Feb	431	*(411)*	1.3	(1.2)
Burndene	Mar	1,250	(400)	1.5	(1.2)
Burns-Anderson	Mar	870	(600)	1.5	(1.3)
Crown TV	Mar	227L	*(142)*	—	*(1.0)*
Hardys & Hansons	Apr	1,920	(1,690)	6.2	(5.6)
A. Lee & Sons	Mar	1,900	(1,600)	1.0	(0.8)
Macarthy	Mar	2,620	(1,710)	4.5	(3.5)
Soundtracs	Apr	341	(252)	0.7	(—)
Spice	Mar	537	(252)	1.2	(0.2)
Stainless Mtlcrft	Feb	414	*(445)*	*2.0*	*(2.0)*
Trusthouse Forte	Apr	42,800	(38,100)	1.5	(1.3)
TSB	Apr	144,900	(71,001)	1.2	(—)

(Figures in parentheses are for the corresponding period.)

* Dividends are shown net pence per share, except where otherwise indicated. † Second interim figures. ‡ Figures for the 15 months to March. L Loss.

RIGHTS ISSUES

Argyll Group has announced a £208m rights issue of 50.6m new shares.

Century Oil are to raise £11.5m through a one-for-four *rights* issue at 195p.

F. Copson will issue 979,938 new ordinary shares at 5p each to Ward White and a further 1,195,712 by way of a rights issue *to existing shareholders at 200p each to raise £2.39m approximately.*

Hughes Food Group is to raise £15.6m via a rights issue of 13.61m new ordinary shares on a one-for-four basis, offered to existing share*holders at 120p.*

Irish Wire Products is to raise £727,000 approximately by a combination of a rights issue and a subscription. The rights issue is on the *basis of one new* share at 45p for every six held.

Leda Investment Trust is to raise £25m through a rights issue, offering shareholders units of one new ordinary share and two stepped preference shares at 509p.

OFFERS FOR SALE, PLACINGS AND INTRODUCTIONS

Caradon is to come to *the* market through an offer for sale at a capitalisation of £134.4m; 13.45m shares are being offered at 250p each.

Far East Resources are to go public via an issue of 3m shares at 100p valuing its business at £10m.

Glamar is coming to the market through a placing of 1.25m ordinary shares at 178p valuing the company at £8.9m.

Hafnia Investment Trust are to join the London Stock Market through an introduction.

Harland Simon is being floated on the Stock Market through a placing of 4.1m shares at 135p valuing it at £18.6m.

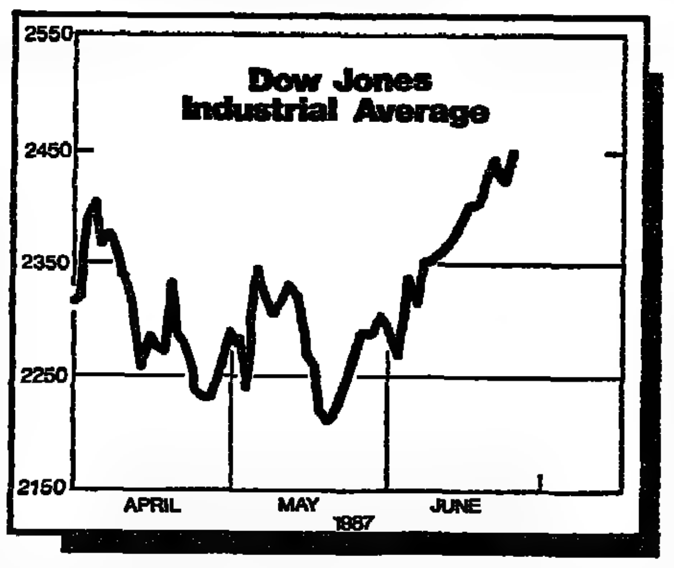
Hey and Croft are to join the USM in a placing, issuing 30 per cent of its equity.

Scantronic Holdings are proposing a two-for-three scrip issue which will involve the issue of 7.26m new shares.

Valin Pollen successfully placed 8.11m new *ordinary* shares at 425p.

هكذا من الأصل

Sting that failed



Wall Street

WHAT'S DRIVING stock prices ever higher—money growth, profits, declining interest rates? The answer is now official: Wall Street is driven by madness, pure and simple.

On Tuesday this week it even became possible to quantify this new detriment of stock prices, as the doors of the God Samaritan psychiatric hospital in Cincinatti closed behind Mr David Herrlinger, the small-time investment manager who won his moment of fame with a fantasy bid worth $7bn for Dayton Hudson. Mr Herrlinger, who had described himself on Tuesday morning as a representative of the "prominent" Stone and Eustis families of Cincinatti, turned out to have ben suffering from "a nervous condition" and his master company, "Stone Inc," turned out never to have existed except in his own mind.

But the stock of the Mid-Western retailing chain leapt by 19 per cent immediately on Mr Herrlinger's takeover announcement, despite the fact the mystery financier had never pretended for a moment that he had the money he would need to pay for his $7bn bid.

On the contrary, Mr Herrlinger, to his eternal credit, had made quite clear that he had no idea where he could get the money to buy Dayton Hudson. When questioned by *Dow Jones* reporters about this, he said he had made no effort to look for financing and admitted casually that "the financing is very debatable".

But it was in response to the next direct question that Mr Herrlinger showed the remarkable lucidity which goes so often with a nervous disposition. Asked whether his bid was just a hoax, Mr Herrlinger replied: "I don't know. An offer is really an intangible thing. It's no more a hoax than anything else."

It was only at this point, when Mr Herrlinger had displayed an insight so obviously lacking among his fellow investment managers, that the people from the Good Samaritan were called in and the wires reported, some six hours after the offer was first announced, that the bidder was "not bona fide."

The most extraordinary thing about this human drama, however, has been the smug good humour of the reaction among investors on Wall Street. The fiasco set off immediate inquiries into operating procedures among officials at the Securities and Exchange Commission, the New York Stock Exchange and *Dow Jones & Co*, the leading US news agency which had reported Mr Herrlinger's offer.

In the Minnesota state l/gislature, the phantom bid led within 48 hours to the passage of a new law specifically designed to protect Dayton Hudson and other local companies from a broad range of hostile takeover offers.

But in the investment and arbitrage community, the whole affair was treated as a huge joke on the gullibility of America's hapless newshounds. Nobody seemed surprised or bothered by the gullibility of Wall Street's money men, despite the fact that they, not Dow Jones & Co, were the one staking millions of dollars of their clients' money on this kind of flier. Nor were there many questions asked, except perhaps in the Minnesota legislature, about the stability and *integrity of a capital* market which might all too plausibly have come up with the instant financing for Mr Herrlinger's bid—*if* only he really *had* represented the Stone and Eustis families, and if only these Cincinatti families *had* actually been as "prominent" as the reporters and arbitrageurs so readily and casually supposed.

Of course, to anybody with a remotely bearish disposition, this incident — followed as it was by a further surge in stock prices to a new record—was just the kin dof evidence of speculative froth that might presage the long-awaited market reversal.

In reality, however, such sceptics seem to be thin on the ground again on Wall Street.

Analysts and fund managers may still publicly profess their cautious expectations. They may pay lip service to contrarian ideas which hold that the time to sell is when everybody else is buying, but the feel of the market is shifting once again towards euphoria. All news is good news. The dollar is strengthening, *ergo* high inflation and interest rates are no longer a threat. We can overlook the fact that the falling dollar was earlier one of the strongest reasons cited for rapid profit growth.

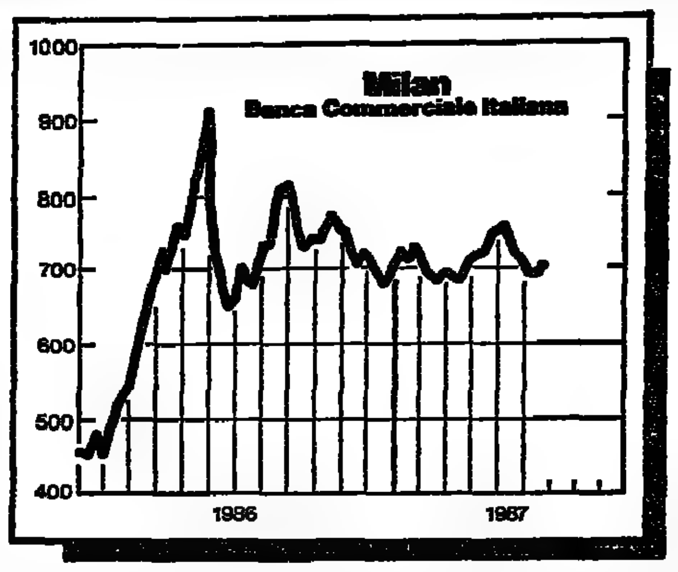
The Japanese market is showing signs of weakness, o Wall Street is once again becoming the only place in the world for the Japanese to invest their surplus funds. Forget about the fact that the ever-rising valua*tions on the Tokyo market* were earlier regarded as the best defence against the alarmists' cries of "madness" as US *stock-prices* approached unprecedented *price-earnings* levels.

Perhaps madness — like aggressiveness — is no longer a pejorative term on Wall Street these days.

MONDAY	2,445.51	+24.66
TUESDAY	2,439.73	− 5.78
WEDNESDAY	2,428.41	−11.32
THURSDAY	2,451.05	+22.64

Anatole Kaletsky

Waiting for a leader



Milan

"WE ARE still without a government in Rome, we are *getting near to the summer holi*days, the flow of fresh liquidity to the bourse from mutual funds has dropped off drastically, and so it is no wonder that many *investors* prefer to *stare* through the shop window rather than come inside."

With those words Attilio Ventura, one of Milan's leading *stockbrokers, explained just* a few of the factors behind the continuing malaise on the Italian bourse. The lack of enthusiasm among investors is reflected in a Milan share index (the MIB), which since the start of 1987 has not moved either higher or lower in an especially spectacular fashion. The MIB index is down by 3.8 per cent on its early January level, a far cry from the hectic boom days of 1985 and the first five months of 1986, when the Milan bourse doubled its mar*ket capitalisation twice.*

Speaking in Ivrea this week Mr Carlo De Benedetti predicted a decline in Olivetti's 1987 profits, and commenting on both equity markets and the world economy, declared that "the party is over."

There is certainly a sense of anticlimax on the Milan bourse *these days. The quantum leaps* in corporate profitability (an average increase of 35 per cent in the last three years) were the rewards of nearly a decade *of* industrial and financial restructuring and are unlikely to be repeated, the big growth of mutual funds (which since the end of 1984 have gone from zero to $54bn has been replaced by a modest monthly net intake, foreign investors who in the boom period poured an estimated $4bn into Milan are now partly disinvested, and the Italian macro-economic picture is inreasingly clouded.

With the oil price heading upward again and the weak dollar hurting exports, the Italian economy is clearly vulnerable. The trade deficit last month was an unsettling reminder of these difficulties, as was this week's decision to increase the yield on treasury bonds. The recent relaxation on investment abroad may provide eventual business for managers of the outward flow of funds, but domestic interest rates are not expected to *decline* in coming months and could be headed back up again, especially because of the chronic need to finance a 1987 public sector *deficit of more than L100,00bn.*

Meanwhile in corporate Italy the situation is hardly sparkling. Aside from a flat 1987 for Olivetti profits, Fiat's impressive profits growth of last year will not be repeated as the Turin company absorbs losses from Alfa Romeo.

At Montedison, the group's 1987 profitability is susceptible to interest rate increases which would prove costly, given a L5,000bn debt burden. Further, investors are still not sure what to make of the Ferruzzi *group's* acquisition of effective control of Montedison. Shares in Ferruzzi's quoted subsidiaries have been as lacklustre as some *of the recent rights issues* designed to fund the Montedison purchase.

Profits at Italian banks this year are also expected to be flattish, following last year's hefty extra profits on bond and stock investments.

The other two factors which caused one leading investment banker yesterday to describe prospects on the bourse this year as "shabby" are the political outlook in Rome and the overhang of Fiat shares which came from the sale of Libya's $3bn holding last October—which is keeping Fiat's share price more than 20 per cent below the record L16,600 at which Colonel Gadaffi sold out.

While the Milan bourse rallied on June 16 (the day after election results showed a sharp setback for the Communist party), the gains have been lost already. Mr Luigi Lucchini, the Confindustria (employers association) president, is sounding hoarse as he calls every other day for the forma*tion of a stable government.* The problem is that both the Socialists and Christian Democrats are taking their time forming a new coalition and the prospect of forming a "real" government this summer is dim.

While the political confusion has a psychological impact on the bourse, the overhang of Fiat shares is more direct. For two weeks now the market has been abuzz with rumours of a forthcoming Mediobanca bond issue which would swap around $500m of Fiat shares for bonds, thus "freezing" the share surplus for five years, to be bought back by warrants supplied to bondholders. The Mediobanca bond plan is being studied and would have the effect of lifting Fiat's share price from its present level of around L13,000.

But IMI abandoned a similar plan earlier this year because it could not see the logic of a merchant bank buying shares which yield 2.3 per cent and paying a coupon of 5 or 6 per cent on bonds. "Which merchant chant bank in the world would lock itself into $500m of shares for five years?" asked one stockbroker yesterday.

The feeling in Milan now is that if Fiat wants its share price to rise the company will have to buy its own shares in the market, a move which is feasible under Italian convention.

With all of this uncertainty the best one can hope for on the Milan bourse is selective buying in a relatively flat market. The general outlook remains distinctly unexciting.

Alan Friedman

Gold prices slide back

Mining

7THE PAST few weeks have been difficult for investors who bought more gold mine shares than perhaps they should have done when the market soared earlier in the year.

In terms of US dollars, North *American and Australian gold* shares have fallen some 25 per cent from their mid-April peaks; South African stocks have dropped by more than 20 per cent.

These declines followed some spectacular advances from the beginning of the year—126 per cent in the case of Australian stocks—so some setback had been almost universally expected by stockbrokers. But the sharpness of the falls has led to a few long faces around the City.

The outlook for shares depends—as always—on the outlook for bullion. A straw poll of bankers, investment managers and brokers attending a Financial Times gold conference in Venice this week found most of the experts rather cautious about the prospects for the next few weeks but distinctly optimistic about the chances of further price increases in the autumn.

Julian Baring, a partner in stockbroker James Capel, told the audience that world equity markets continued to look expensive relative to gold. In the case of London, the sterling gold price had in the past averaged some 60 per cent of the FT All-Share Index. To restore the relationship today, gold would have to soar to $1000 an ounce, said Baring.

He added, however, that for the moment it was better to invest in bullion than gold shares. The switch to these could be made in August in anticipation of an autumn rise in the metal's price.

For good measure, Baring gave the conference a novel method of betting on the gold price. Pointing out that copper and gold prices have in the past moved broadly in line, he said that one way of taking a highly-geared gamble on the latter was *to buy shares in a marginally-*profitable copper producer. Such a company's profits would be transformed by even a modest rise in copper.

Baring said two US stocks fitted the bill—Magma Copper, the company created recently in a free issue of shares to shareholders by its former parent, Newmont Mining; and Inspiration Resources, a company controlled indirectly by the South African combine, Anglo American.

Investors looking for a less bizarre route could hunt for bargains among the stocks which have suffered most in the shake-out. One possibility is Forsayth which was trading at 170p in London this week, 45 per cent down on its 1987 *peak of 300p.*

The group is priced at about 10 times its likely earnings for the year to the end of September, which is relatively low for an Australian gold company with an output of 90,000 ounces a year.

Forsayth has two mines in Western Australia—Lawlers, which is 100 per cent-owned, and Mount Gibson, a joint venture with Reynolds, the US metals group.

Elders Resources is another Australian stock which has perhaps suffered unduly, having fallen some 35 per cent in recent weeks. Some brokers think investors have paid too little attention to Elders' non-gold interests, which include a fast-expanding metals trading business.

There was more news this week of progress at the world's largest gold project outside South Africa. Placer Pacific, the Australian arm of Placer Development announced that annual gold production at Porgera, in the Highlands of Papua New Guinea, could be 800,000 ounces a year in the first five years.

Placer and its partners—MIM Holdins and Renison Goldfields Consolidated—plan to present a draft feasibility study to the Government in February next year. Meanwhile, it is understood that Placer is about the receive Government permission for *construction to start at its* wholly-owned scheme on Misima Island, where 400,000 ounces should be produced in the first year, falling to 200,000 ounces annually later.

Unfortunately, as well as being one of the most successful companies, Placer Pacific is regarded as being one of the most expensive in the stock market. Broker L. Messel this week included Placer on its list of gold shares to sell to raise funds to buy a few "bargains."

Stefan Wagstyl

Abbey Life joins the PEP field

ABBEY LIFE has finally bitten the *bullet and* decided to launch a Personal Equity Plan. But although it is a latecomer to the field, the PEP *offered does not* appear too alluring compared with its already launched rivals.

Two versions, giving the invester little room for manouevre, are being offered.

With the Managed Portfolio, your money is invested partly in the Abbey Income and Growth unit trust and the rest in the Abbey Life managed share portfolio.

The alternative version, the Selected Portfolio, is *equally* restricted. The investor is allowed to choose two shares from a list of 30 or so blue-chip leading stocks *compiled* by Abbey Life.

Limiting the choice like this puts investors into a high-risk/ *high-reward situation*, depend-on how their selections fare on the stock market.

At the same time, the sum *of money* that can be invested is restricted to three lump sums — a minimum of £1,200, £1,800, or the maximum of £2,400. For the Managed *Portfolio* only there is the option, however, of making monthly contributions of £100, £150 or £200.

Charges are at the top of the range. There is an initial 5 per cent and an annual management fee of 1.25 per cent. Double charging is avoided by rebating the unit trust investment, charges but it is still a very expensive way of buying shares.

Michael Hephir, Abbey Life chief executive, noted that only a few life companies had introduced PEP schemes so far because of the difficulties in making them viable and attractive to investors at the same time.

He said Abbey Life did not expect to make much profit but thought it was important that a scheme with the Government's aim of widening share ownership should be included in the company's range of products.

Chase de Vere Investments, the London-based financial adviser, concluded after a recent survey of PEP schemes that unless something was done by the Government to make the *schemes more attractive and* more widely known, they were in danger of dying from lack of interest.

It calculated that in spite of the vast sums spent on marketing, probably only about 90,000 schemes had been taken out.

The summer edition of Chase de Vere's *Pepguide* compares details of 126 schemes from 72 groups. It includes for the first time a section categorising the schemes under different profiles to make it easier for comparison purposes.

The *Pepguide*, price £2, is available from Chase de Vere, 63 Lincoln's Inn Fields, London WC2A 3BR.

John Edwards

MICHAEL HEPHIR

More for the money

• The summer edition of the *Hambro Company Guide*, just published, has been extended to include three new sectors: overseas, third market and Business Expansion Scheme companies. It also lists, for the first time, a mergers and acquisitions table for the first quarter of the year.

The Guide provides detailed information updated each quarter on all the 2,189 UK companies listed on the Stock Exchange, USM or the Third Market. Annual subscription for the *four editions is £59.50 for UK* subscribers. It is published by Hemmington Scott, Greenhill House 90 Cowcross Street, London FC1.

Richard Tomkins explains a surprise move by the Government

BAA enters uncharted waters

JUST WHEN investors had become used to the idea of making a fast buck out of privatisation issues, the *Government* has pulled an unexpected rabbit out of the hat with the forthcoming flotation of BAA, the British airports group.

Instead of the normal offer for sale of shares at a fixed price, there is to be a curious *hybrid offer consisting mostly* of fixed price shares but partly of shares which will be auctioned to the highest bidders.

The structure of the offer has no precedent on the London stock market and takes the BAA issue into uncharted waters. Not surprisingly, many are asking why the Government has chosen to introduce this relatively complex structure.

The main reason is that under the present system of handling privatisation issues, the Government is coming dangerously close to pleasing none of the people none of the time. This is because it is caught between two virtually *irreconcilable objectives*: the desire to win an enthusiastic response to each offer, and the need to maximise the returns *for* the Treasury.

In recent privatisation issues, the popularisation of share ownership has appeared to take *precedence over fair pricing*. Most of the issues have gone to large premiums, so bringing widespread criticisms that the nation's assets have been sold on the cheap in order to further the Government's political objectives.

On the other side of the coin, investors too have started to grumble. So many people now perceive privatisation offers as easy money *that the issues are* automatically heavily subscribed, and it is hard for anyone to obtain a sensible alloca-*tion of shares*.

All this has led to the feeling that there must be a better way of handling privatisation *issues*. The BAA offer is a brave attempt to find one.

This is how it will work. In effect, there will be two separate offers. *Three-quarters of* BAA's shares will be offered at a fixed price as in an ordinary offer for sale, and the *remaining quarter* will go into a tender offer.

For the tender shares, applicants — who may be institutional *investors* or the *general* public will be invited to bid at whatever price they think the shares are worth. They can *make as many* applications as they like at any price, as long as it is at or above the fixed price.

When all the applications are in, the tender shares will simply be sold to the highest bidders. A cut-off price will be set: above that price, all the bidders will receive all the shares they applied for, and below it, bidders will receive none. At the cut-off price, applications will have to be *scaled* down to match the remaining shares available.

There are two important differences between this tender offer and conventional ones. The first is that people who bid above the cut-off price will receive all the shares they ask for. The second is that they will have to pay for them at the price they bid.

In a conventional tender offer, the bids are analysed, an issue price is struck, and everyone who has bid at or above that price receives shares at the striking price. Few, however, obtain all the shares they want, because the striking price is not the maximum price possible: a lower price is chosen at which the issue is healthily oversubscribed, in an attempt to *ensure a decent after*-market.

The conventional tender produces two obvious distortions. People who want to be sure of obtaining shares bid unrealistically high in the expectation that the striking price will be lower, and they apply for many more shares than they want in the expectation of being scaled down. This so-called spoof bidding plays havoc with the price-setting and frequently produces poor after-markets.

The BAA method will eliminate *these distortions. True, it* is theoretically in danger of putting downward pressure on the after-market by distributing shares only to the highest *bidders* — people who may well want to cut their losses if the shares open at a price below the one they have paid. But the *fact that* highest tenders will produce guaranteed allocations is likely to encourage investors to bid only what they think the *shares* are really worth, so reducing the risk of a sell-off.

One disadvantage of the BAA tender *is that* people will be paying different prices for the same shares in the initial public offering. Is this unfair? Probably *not*: *it* simply gives people the opportunity to acquire larger holdings than they would otherwise by paying a *premium for* the privilege. Paying a premium for size is hardly a novel concept in the stock market. And if they did not pay it in the primary market, they would only have to pay it in the after-market instead. The only difference is who gets the proceeds.

The Government's aim in all of this is to achieve the best of both worlds. It wants the fixed price offer to draw in small investors in their millions to serve its wider share ownership objectives and it wants the tender offer to give it a slice of whatever premium the market thinks the shares are worth.

The most serious reservation over the method lies in the fear that it will prove off-putting and dampen demand for the issue. Conventional tenders, after all, are widely revilled for their relative complexity.

The method has not been used for a privatisation *issue since* wider share ownership became a factor with the flotation of British Telecom in 1984, and it has fallen *into total disuse* on the London market in 1987.

Yet the BAA tender, though novel, is a good deal simpler to understand than *the conventional* method, and the Government's advisers feel confident that investors are far enough along the *learning curve* to tackle it with enthusiasm.

Further, by confining the tender to just a small part of the offer, the Government is playing safe. Even if the tender is unpopular, it still expects investors to rush into the fixed-price part of the *offer*, and institutions will gladly take up any tender stock left over.

The experiment is a fascinating one: and *if it succeeds, as* well it might, it could set the pattern for the rest of the privatisation programme.

Loyalty pays

WHEN THE *pathfinder* prospectus for the flotation of BAA was published on Monday, it gave most *of* the details of next month's *offer for* sale. The final offer price, however, will not be announced until Wednesday, July 8, with the full prospectus appearing two days later.

Most guesses put the market capitalisation of the group at about £1.2bn. With all BAA's 500m shares to be sold, that suggests an offer price of around 240p a share. The sum will be payable in two instalments, one on application and the other in May next year.

Transport Secretary Paul Channon confirmed on Monday that the issue was aimed firmly at widening share ownership. To this end, the minimum application level for the fixed price shares will be 150 shares, compared with 400 for the Rolls-Royce issue.

The issue will also feature the return of the one-for-ten loyalty bonus *of shares* for investors who hold on to their stakes for the first three years. Employees, too, will receive generous incentives to apply.

Other details to emerge were the stipulation that no applicant will be allocated more than 10 per cent of BAA's total equity and no-one will be allowed to own more than 15 per cent of it afterwards. The Government will retain a single special share giving it certain intervention rights — for example, to veto the disposal of Heathrow.

As with other recent privatisations, part of the offer will be pre-placed with institutional investors and part will be offered to the public. The public offering will constitute at least half the total issue.

Of the institutional allocation, part will be placed firmly and the rest will be placed provisionally. The latter portion — likely to represent 25 per cent of the total issue — will be offered to all categories of investors in the UK and overseas through a tender offer, as explained in more detail in the accompanying article on this page.

If the tender is undersubscribed, any shares left over will revert to the provisional places.

The tender is open to all investors but the emphasis clearly is on the institutions, who are expected to use it in an attempt to build up decent-sized holdings. Significantly, the minimum size of application for the tender offer will be 1,000 shares rather than the 150 in the fixed-price offer.

R.T.

Share service

CHELTENHAM and Gloucester Building Society plans to offer a share application and selling service for the forthcoming BAA issue through a link-up with stockbrokers Quilter Goodison.

Anyone can use the service, but there will be a special benefit for C and G investors; if their application for shares is unsuccessful they will be able to pay in the returned cheque without any loss of interest.

Once trading in the shares starts, any investor will be able to sell their shares through any of the society's 170 branches. The commission charge will be 1.5 per cent, plus VAT, with a minimum for any sale of £15. However, families will be able to consolidate their allocations to sell them together.

J.E.

Key to higher interest

HIGHEST INTEREST RATES FROM LARGEST BUILDING SOCIETIES	Interest rate	Minimum investment	Withdrawals
Yorkshire Premier Key	9.05%	£1,000	90 days notice
Alliance & Leicester Prime Plus	8.75%	£10,000	3 months notice
*Abbey National Sterling Asset	8.50%	£25,000	90 days notice
Woolwich Guaranteed Premium	8.50%	£1,000	90 days notice
Anglia Capital Plus	8.50%	£20,000	60 days notice
Birmingham Midshares Premier Sixty	8.50%	£500	60 days notice
Leeds Permanent Premium Reserve	8.50%	£5,000	3 months notice
Nationwide Capital Bonus	8.50%	£25,000	90 days notice
Britannia Trident Six	8.40%	£1,000	28 days notice
Northern Rock Premier Growth	8.30%	£5,000	On demand
Halifax 90 Day Xtra	8.25%	£25,000	90 days notice
Bradford & Bingley Growth Account	8.25%	£5,000	3 months notice
Gateway Star 60	8.25%	£20,000	60 days notice

* Pays an extra 0.25% if no withdrawals in any 12-month period.
Source: Yorkshire Building Society.

WHICH building society pays the highest interest? There is no simple answer since the rate you get depends on the amount to be invested and for how long you are prepared to wait before withdrawing the money, without losing interest.

However, the Yorkshire Building Society must at least be among the top payers, with the launch on July 1 of its Premier Key account offering 9.05 per cent net after deduction of tax.

Minimum investment required is only £1,000 but you do have to give 90 days's notice of withdrawal to avoid loss of interest.

Premier Key, which will be a limited two-year term share issue, will guarantee to pay 4.05 per cent above the society's paid-up share rate.

A monthly income option is *available, too, paying* a guaranteed 3.80 per cent above the paid-up share rate (now equivalent to an annual net rate of 8.80 per cent).

The North Wiltshire Ridgeway Building Society in Swindon is offering 9 per cent in its White Horse Account, but only on investments of more than £20,000. The rate dips to 8.75 for balances between £10,000 and £20,000, and 8.40 between £5,000/£10,000. You must give 90 days' notice of withdrawal to avoid losing interest.

Just seven days' notice is required for the Bristol & West triple bonus account, which pays 8.1 per cent but only on balances over £25,000. The interest rate falls to 7.30 on the minimum investment of £500. You can have instant access if you retain a balance of £10,000.

● The move towards lower mortgage rates, initiated by the Halifax and Abbey National building societies last week, has slowed down.

An exception is the United Bank of Kuwait, which is reducing its standard rate for all types of mortgages to 10.25 per cent as from July 1.

Meanwhile, mortgage specialist John Charcol has introduced a High Equity Loan scheme under which borrowerers can obtain loans of up to 75 per cent on purchases up £250,000, and 70 per cent on larger amounts.

Funded by the Mortgage Corporation, the interest rate charged is only 10.35 per cent.

John Edwards

TSB right on Target

IN THE parable of the 10 talents, Jesus distinguishes three types of investor: the five-talent person, who doubles his money to 10; the two-talent person, who doubles his to four; and the one-talent person, who buries his cash in the ground.

Until this week, it looked as though TSB, the financial services group launched on the stock market in a £1.5bn share bonanza last September, would be the five-talent bank that buried its cash in the ground. However, following its £227m agreed cash bid on Monday for Target, the life assurance and unit trust company, this is no *longer entirely the case.*

Nobody could accuse the conservative Sir John Read, TSB's chairman, of taking gambles with his shareholders' funds, but the proposed acquisition of Target is certainly more exciting than sticking the proceeds of the share flotation in gilts and money market instruments, as it has been until now.

The result of doing that was clearly visible in the group's interim profit figures, published on Thursday, which gave the first real indication of how TSB has been performing since flotation.

In the 23 weeks to April 30, group pre-tax profits were £132m, up from £96m in the six months to May 21, 1987. When the 23 weeks are adjusted to a six-month basis, the growth looks impressive.

However, an increase of £880m in the group's capital, as a result of the first instalment of the flotation proceeds, was bound to bring in extra profits. It allowed the group to earn an income of £33.2m and pay off various debts.

The point is that investing cash in gilts and short-term money market instruments is a safe thing to do, but not hugely profitable. Following the acquisition of Target and the second instalment of cash from the flotation (due in September), TSB will still have a cash pile of more than £1bn earning solid but unexciting returns.

Target is an interesting acquisition for TSB. It is known best for its pensions and unit trusts which it sells to upmarket clients, mainly through independent intermediaries.

Thereis, therefore, little overlap between it and TSB Trust Company, the group's life and unit trust business which has been operating since 1968, except possibly over unit trusts. TSB Trust *sells its products* to the group's less-wealthy clients through a direct sales force which follows up "warm leads" given to it by the group's four banks.

Just as there is little overlap, though, there also will be little opportunity for co-operation between the two life arms. Philip Charlton, the group chief executive, said it would be the "kiss of death" to integrate the two businesses.

Even if he wanted to, complex rules on marketing life products devised by the Securities & *Investments Board*, the new financial services watchdog, would make it almost impossible for TSB Trust and Target to sell each other's products.

And although TSB has not taken many risks by buying into a business about which it already knows a great deal, there is still the question of *whether the price is right. The* group will be writing off about £160m of the purchase in goodwill.

The price of £227m has to be set in the context of pre-tax profits of £10m or more forecast by Target's directors for 1987. It is also worth noting the comment by John Stone, Target's managing director, that the price included a "fair bid premium" on top of what the company was expecting to generate from its imminent

PHILIP CHARLTON

stock market flotation, which was shelved when TSB's offer came along.

Having said that, Target is in a growth business. Its pre-tax profits have grown in leaps and bounds from £0.4m in 1984 to £4.9m last year as the bene*fits of investment have started* to come through.

Hugo Dixon

Trusts forge ahead

THE UNIT trust industry has now established itself as a dominant force in the savings market. Unit sales have exceeded £1bn in each of the first five months of this year, although a large part of these sales has been financed by repurchases of other units.

However, the marketing emphasis of the unit trust groups has been concentrated entirely on lump sum investment, with the facility to make regular savings merely mentioned in passing as an optional extra.

Now, Framlington is rectifying the position with a nationwide advertising campaign to promote its monthly savings plan.

Regular savings in unit trusts got a considerable boost when the Chancellor of the Exchequer, Nigel Lawson, ended life assurance premium relief three years ago. As a result, regular savings through unit trusts are now more tax-efficient than through a life contract, at least for basic rate taxpayers.

Savings through unit trusts are simpler and more flexible than life contracts, with payments varying each month.

The problems of regular savings through unit trusts arise when the investor wishes to cash in units.

The units will have been *acquired* at varying prices throughout the savings term. But to compute the capital gains tax (CGT) liability, the prices paid for each tranche of units are revalued each month in line with the Retail Price Index.

Then, an average price is determined for all purchases. The CGT tax liability is calculated on the difference between the average price and the actual bid price at time of cashing in the units.

This is a laborious procedure for an individual. Yet, a centralised computer of the unit trust group would handle this with ease, allowing the average value to be shown in half-yearly statements.

Surprisingly, Framlington does not provide this information for its regular savings *investors. Nor does it refer to* the CGT computation in its leaflet. If its campaign to promote savings schemes is successful, then it will need to rectify this situation before investors start cashing-in.

Eric Short

Pensions push

BRITAIN'S TWO largest life assurance groups—Prudential, and Legal and General—are not waiting until 1988 to start marketing their pension wares to the 10m employees who are not in a company scheme.

Under the Government's timetable the proposed new-style personal pensions will only become officially available for employees not in company schemes in January. For those in a company scheme, the starting date is even later, April next year.

L&G and the Pru, however, opened their pensions marketing campaign last week with the message that personal pensions are already here, and available to all employees. What is more the companies claim that *there are positive* advantages to be gained from employees starting new pension arrangements now rather than waiting until next year.

Chris Hatry, L&G's pensions director, says employees can get the best of both worlds by combining the old (existing) system with the new.

Employees not in a company *scheme* have always been *able* to take out what are known as Section 226 pension contracts. These are not confined to the self-employed. They will continue to be available until replaced by the new-style pensions next year. An important feature is that the existing 226 *contracts allow you to provide* higher tax-free lump sum benefits than their replacements.

So it makes sense to make the most of this disappearing benefit while you can, and at the same time reap the rewards offered by the new personal pensions.

Hatry describes the new-style personal pensions as "the privatisation of Serps (state earnings-related pensions scheme)." As with most privatisation issues, the Government is setting the terms on a give-away basis.

As far as personal pensions are concerned, the giveaways are a direct payment of a 2 per cent incentive until 1993, and an indirect benefit to younger employees (under the age of 45 for men) with a flat rate National Insurance rebate.

However, as Hatry points out, waiting until next January to take out a pension contract means the loss of six months investment return and also not benefiting from the advantages of current pension contracts.

To get the best of both worlds employees not in a company scheme should take out a section 226 contract now, *on* top of Serps. In January, the employee can convert the Serps contributions into a personal pension for the minimum contribution, and collect not just the 2 per cent incentive for the whole of the current tax year, but also tax relief on part of the National Insurance contribution—*relief* which is not available for people staying in Serps.

Employees keep the section 226 contract in force, with future incremental increases in contribution, in addition to the personal pension. There is always the option of converting it into a personal pension at any time.

The personal pension is not the only innovation. The 1986 Social Security Act also introduces the Contracted-out Money Purchase (Comp) company pen*sion scheme.*

Again, employees in a company scheme do not have to act until next April in order to take advantage of the new climate. The best of both worlds can be enjoyed if employers set up a contracted-in money purchase scheme now. Companies can use the new free-standing AVCs (additional voluntary contributions) to contract younger employees out of Serps in October and set up a contracted-out money purchase scheme for the minimum contribution next April.

The opportunities to benefit from privatisation of pensions are there for the taking and L&G and the Pru are making sure that employees and employers are aware of the bonanza—a bonanza that may not be as immediate as that under the share privatisation issues, but just as lucrative in the long term.

E.S.

Getting personal

*IF YOU are seeking life assur*ance, do not be surprised if you are required to answer questions of an increasingly personal nature before the life company will consider your application.

This is the recommendation likely to be made in the autumn by the working party set up by the Association of British Insurers (Abi) to study the problems and implications of Aids on life assurance.

The adverse experience of life companies in the US, caught by a spate of large death claims relating to Aids, is making UK companies tighten up on their underwriting.

Most companies' proposal forms already ask if the person seeking life cover has been *medically investigated for AIDS* or had a blood test.

But many life companies, particularly some Scottish ones, feel this does not go far enough in identifying potential AIDS victims, particularly as those hospitals which diagnose patients as virus positive may not be required to report this to the patient's doctor or immediate family.

Companies feel there is no alternative but to seek more detailed information on the proposer's life style and social habits to try and identify potential AIDS victims. And they want the insurance industry to act collectively in this *new move for more detailed in*formation.

These companies emphasise that a person would not be automatically rejected if the answers given were unfavourable. Companies would merely seek further information, such as a blood test.

The attitude taken by these companies is that they are sitting on a time bomb that could explode into massive death claims unless they can identify potential AIDS victims. But a more immediate explosion could be a massive public protest against unfair discrimination if the insurance companies start probing too deeply into people's private lives without justification.

The problem facing the AIDS working party is how to ask the necessary questions without provoking a backlash of protests.

E.S.

Paying for marriage

THE BIG majority won by the Conservatives in the election leaves plenty of scope for Nigel Lawson to introduce oft-promised "radical tax reforms." One obvious candidate is the matter of the tax treatment of husband and wives raised in a Green Paper in December 1980. It proposed radical changes in the taxation of married couples. Some would say not before time.

The income tax system for husbands and wives living together *took shape early in the* 19th century when most women *gave up work on marriage to* spend the rest of their lives *looking* after their *home* and family. In the earlier decades

Personal taxation

of this century less than 10 per cent of all married women were working or looking for work. Now *married* women account *for over a quarter of the total* labour force and outnumber *single women* by almost two to one.

It is *hardly surprising, there*fore, that some anomalies arise in the *taxation of husband and* wife. In many cases (although *by no means all*) a *man* and woman living together can be *better off than a husband and* wife living together.

The main target for criticism from married couples is the *aggregation rule, which deems* the wife's income to belong to her husband for tax purposes and makes him responsible for *all her tax affairs.*

The harsh effects of this rule *have been mitigated since the* wife's earnings election was introduced in 1971. But on current figures the election of wife's earnings is of advantage only where the couple's total income is over £26,869, and the wife earns at least £6,544 or more for 1987-88 so that if she is taxed separately on her own earnings the reduction in the man's higher rate tax outweighs the loss of his married allowance.

You can elect for separate taxation up to six months before the beginning of the year of assessment or up to 12 months after the end of that year. You can, therefore, delay making an election for 1986-87 until April 5, 1988. But the earlier you make the election and tell the Inland Revenue, the sooner you will *receive any rebate.*

When an election has been *made it remains in force* until revoked.

The wife's earnings election enables her to be treated as a single person, but only as far as her earnings are concerned. It does not, however, affect her investment income which continues to be treated as belonging to the husband for all tax purposes.

There is also the vexed question of the differing income and capital gains tax reliefs available for married, or non-married, couples.

Take, for example, the reliefs connected with your main or only residence.

The income tax relief operates by allowing the interest paid on a loan of up to £30,000 raised for the purchase or improvement of a home (caravan or houseboat) used as your main or only residence, as *a deduction against your total* income.

If you are living with your wife you are only entitled to *one relief on interest on a loan* of up to £30,000. For example, if Matilda and George were not *married but living together* and each took out a loan of £30,000 to purchase *Rose Cottage as* their only residence each would be allowed interest *relief* against their respective incomes.

However, if Matilda and George were married, the couple would be entitled to relief on only one of the loans, up to a maximum of £30,000.

The capital gains tax relief operates by exempting from charge any gain made on the disposal of a dwellinghouse which has been used through*out ownership as the only* or main residence. For a married *couple there can be only one* residence or main residence for both. But if they are not married but living together they *could possibly get* an exemption on two homes.

Caroline Garnham

Example of separate taxation of husband and wife.
Martha and Edward are married and living together. Each earns £20,000 per annum but Martha, in addition has income from a family trust of £10,000. They pay mortgage interest of £2,000 per annum on their main residence owned in joint names out of a bank account to which they both contribute equally. Martha also maintains her widowed mother by way of voluntary contributions.

	No election for separate taxation		Election for separate taxation Husband			
						Wife
	£	£		£		£
Earned Income		40,000		20,000		20,000
Trust Income	10,000		10,000			
Deduct:						
Mortgage Interest Relief	2,000		1,000			1,000
		8,000		9,000		
Total Income		48,000		29,000		19,000
Personal Reliefs:						
Higher Personal	3,795					
Wife's earnings	2,425					
Single Personal			2,425		2,425	
Dependent Relative	100				145	
		6,320		2,425		2,570
Chargeable Income		41,680		26,575		16,430
Income Tax payable				8,670.50		4,436.10
Joint Income Tax payable		16,666			13,106.60	
Tax saving					3,559.40	

N.B.—Dependent relative relief is increased from £100 to £145 where a woman makes a claim against her own income tax liability.

DIARY OF A PRIVATE INVESTOR

No ties this time for **Kevin Goldstein-Jackson**

Racked with doubts

I DID not apply for shares in the recent Sock Shop flotation because I felt that although the company was young, energetic and profitable, it still was overpriced compared with some other companies.

*A lot of people thought dif*ferently, and Sock Shop shares went *to a large premium.* Its price/earnings ratio is now *around* 52.

When Tie Rack came to the market I read the prospectus and found it was aiming for a market capitalisation of £49.7m and a p/e of 31.5, and had net assets of about £3.5m.

Despite the success of Sock Shop, I did not apply for shares in Tie Rack. I felt that it, too, was rather expensive; and that if thousands of people applied for Tie Rack shares (spurred by the success of Sock Shop), then my share application would be scaled down to such an extent that it would not be a very profitable exercise.

In the event, Tie Rack was over-subscribed massively, and the share allocations were cut back drastically. Although the shares went to a respectable premium, this was soon reduced and Tie Rack is now on a p/e of around 34.8.

Why the great difference in premium and p/e between Sock Shop and Tie Rack? Is it because of adverse press comment on "the silly face of capitalism"? If Tie Rack has been floated first and then Sock Shop, would Tie Rack have been a greater success than Sock Shop?

Or is it perhaps that, in the period of the Tie Rack offer, the stock market generally was *rising to such* an extent that many people realised how silly it was to chase up the price of Tie Rack when they could, instead, buy shares in other *already-quoted companies with* greater asets and lower p/es. *Thus, they still could make good* profits in a very short time *and* get all the shares they wanted.

If this is the case, then future new issues will have to float on much lower prospective p/es if they are to be a success—which can only benefit investors.

★

LAST WEEK, as I opened a number of magazines, leaflets fell out promoting Royal Life's Profit and Income Account. The front page of the leaflet asked: "Are you getting a 26 per cent return on your savings each year?" Inside, the leaflet demonstrated how £5,000 invested on July 1 1983 (the Royal Life High Income Trust launch date) would have produced a return of £7,997 by May 15 1987.

The leaflet included the statement: "*In fact, it's easily* possible for your capital to grow by 20 per cent or more each year—and, *in addition, you will still have your income* to spend. In fact, your total return could be as much as 26 per cent or more!"

It was not until the 13th paragraph on an inside page that the leaflet even mentioned that "the value of units and the income distributed can fall as well as rise." It followed that immediately with: "But, *although past performance* cannot guarantee the future, the *figures speak for themselves.*"

Royal Life is part of the long-established Royal Insurance Group, now managing *assets of* more than £11bn, so it certainly *is a solid organisation.* But is it really fair to many potential *first-time investors to highlight* so much the short track record of the High Income Trust—almost giving them the impression that, even if there is a sharp downturn in the market (as in 1929 or 1973-74), they will still see an appreciation of "26 per cent or more!"

Has there been a fund that has produced, every year for the past 35 years or so, a consistent 26 per cent annual return?

For such advertisements and leaflets, I think there should be a warning statement of a simi*lar size to the health warnings* used in cigarette advertisements, reminding potential in*vestors:* "This investment performance is not guaranteed."

ONE OF the advantages of travelling abroad is that you can pick up all sorts of interesting information from foreign news*papers. A recent article* in the Miami Herald described how several US *consumer electronics* retailers were performing *poorly.*

It seems that competition is very great: "*Too many stores,* too few sales and too many products in the *marketplace*" which led to "lower prices and lower profit margins."

What happens in the US frequently shows what might happen in the UK. So I would not be keen, right now, to buy shares in British consumer electronics retailers.

Double Top's drawback

INTEREST in "double figures" —11 per cent net of tax—is still being offered by the Leamington Spa Building Society.

But beware. Not featured so prominently in the society's publicity material on its Double Top investment issue is that *interest is paid on only half* your money and is guaranteed at that rate *for only six months.* After that, it is transferred to *the society's High Flyer account* —now paying interest at 7.55 per cent a year *for* deposits below £10,000 and 8.25 per cent above.

The other half of your investment in Double Top is put into the Commercial Union single premium Prime Investment Bond, which in turn buys units in the insurance company's prime life managed fund and is supposed to provide capital *growth.*

The fund has performed well *in recent years during a pro*longed boom on the stock markets but, as is pointed out, the "value of units can go down as well as up" and might well do so if the market takes a downturn.

The society says one of the benefits of Double Top is instant access to your money, which can be withdrawn at any time with no penalty or notice required. That might be true of the half put into an interest-paying account but taking your money out of the bond is a very different matter and a potential disaster area if you leave it in for a short period.

For a start, if you don't cash-in the whole bond but decide to make only a partial with*drawal, you have to retain a minimum balance of* £10,000—*and each withdrawal* must be for at least £250.

More serious is that you are likely to suffer heavy losses if you do take your money out of the bond. Early surrender of any investment bond is normally bad news, since first you have make up the difference — around 5 per cent — between the offer (the price at which you bought) and the bid (the price you get as a seller).

It is the commission paid by Commercial Union to sellers of its bond *that is* used by the society to inflate the interest paid on the other half of the investment for a short period.

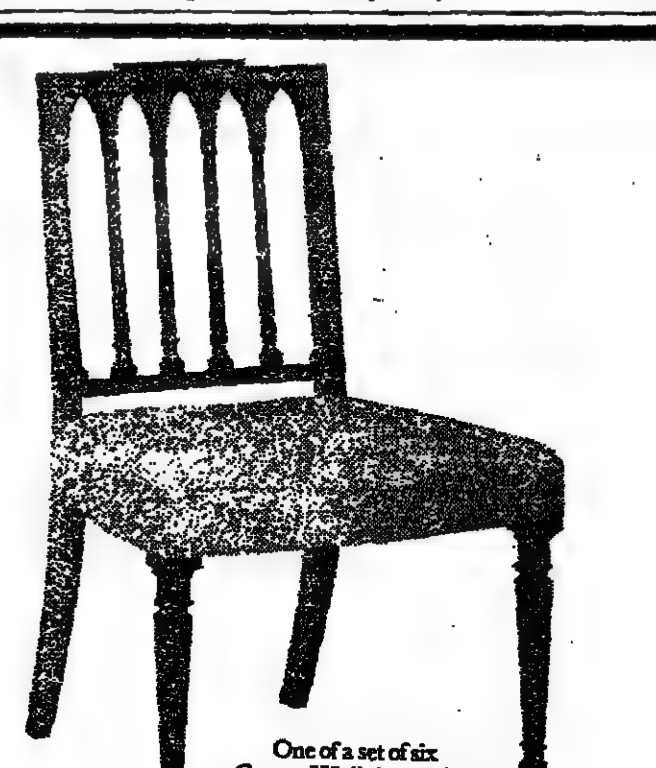
The fund also has to bear management charges and deductions against tax liability. So, *although it is promoted like* most investment bonds as mak*ing tax-free payments to basic*-rate taxpayers, this is only because the fund *has already* paid the tax. This inevitably affects its performance.

What is more, it is proposed to increase the tax paid by funds of this kind still further in the coming Finance Bill, thus making investment bonds an even worse bargain from the investors' point of view when compared with unit trusts.

Under the Double Top plan, therefore, half your money is locked away in an investment vehicle where you might suffer losses (and almost certainly will if you take your money out within a short period). The 11 per cent interest rate could be described as a sprat to catch a mackerel.

Minimum investment in the Double Top plan is £10,000. If you do invest the minimum, only £5,000 goes into the investment account and presumably receives only the lower rate of interest (7.55 per cent) when transferred to the High Flyer account after six months.

John Edwards



One of a set of six George III dining chairs, c.1780. Estimate: £1,800-2,200 (Lot 81, 17th July sale)

هكذا منه الأصل

Donald Elkin on taxes abroad

Lost Empire, world income

NON-RESIDENCE in Britain usually is associated with achieving tax benefits but there can be an element of disadvantage, too. This is because when you cease being resident you lose the right to personal allowances and reliefs, with the result that the tax payable on any British income you retain increases.

The general rule — to which there are admittedly a number of exceptions—is that UK source income remains liable to tax wherever you reside. While it often is possible for the modern expatriate to avoid this problem, the position was not always thus.

In the days of Empire, when many a fortune was made overseas, the only outlet readily *available for the expatriate's* surpluses was the UK equity market. Unfortunately, the income arising from such investment was fully subject to tax without the mitigating effect of personal allowances—until, that is, the introduction of the world income basis of taxation.

This allowed non-resident British subjects (and certain other classes) to pay tax on their British income at the *average rate* which would have applied had they been UK residents—ie, if their worldwide income had been taxable after setting-off the usual allowances and reliefs.

The effect was to give them the benefit of that proportion of the normal allowances which their British income bore to their total income worldwide.

Now, after the passing of the era which gave it birth, this rule remains a part of British *tax law (section 27 of the* Taxes Act). While its application was affected considerably by the unification of income tax and surtax in 1973, it can still be an important factor in determining tax liability while non-resident.

This is certainly true of the *considerable number of Britons* who have retired abroad but who still derive most of their income from UK sources (although the treatment of the British state pension causes much misunderstanding). The following example tells the story:

	£
UK letting profits	4,000
UK occupational pension	12,000
Total UK income	16,000
Overseas investment income	1,795
World income	17,795
Deduct reliefs (married)	3,795
	14,000
Notional Tax on £14,000	3,780
Average rate	£3,780 / £17,795 = 21.2%

The effect is to reduce the average rate of tax on the British income from 27 per cent to 21.2. Furthermore, following a case brought against the Inland Revenue in 1984 by a man named Addison, where the overseas investment income belonged to the expatriate's wife, it can be left out of account altogether. In our example, that would reduce the rate of tax further to 20.6 per cent.

It is important to note that the overseas income is not itself taxed. It is taken into account merely to determine what tax is payable on the British income.

In addition, the world income basis is a relieving provision and cannot make the situation worse. For example, if you got £4,000 a year from British letting profits, your liability would normally be at a flat 27 per cent with no reliefs. Alternatively, the world income basis might produce the following result:

UK letting profits	£4,000
Overseas earnings	£30,000
Overseas investment income	£3,095
World income	£37,095
Deduct reliefs (married)	£3,795
	£33,300
Notional tax on £33,300	£12,033
Average rate	£12,033 / £37,095 = 32.4%

Clearly, in these circumstances, the flat rate of 27 per cent is more beneficial. However, had the overseas earnings been salary from an international organisation recognised as exempt by the British Government (say, the United Nations or EC), the situation would be very much different. The salary could then be ignored altogether, with the result that the average rate of tax applicable to the letting profits would fall to 13.85 per cent.

Not all salaries from international organisations are treated in this way, though. Those paid by the World Bank and IMF, for example, carry no such exemption.

British diplomatic and service personnel are in a worse position than most British expatriates since they remain liable to tax on their salaries even when posted overseas. Indeed, were it not for the world income basis of taxation, they would not be entitled to any reliefs, either.

But one result of its application is that if they make use of their non-resident status by investing new savings outside the UK (the income from which therefore avoids UK tax), they will find that a part of the advantage will be lost since the extra income will cause the average rate of tax to rise. Unless, that is, advantage is taken of the Addison case.

Christine Stopp on 'cheating portfolios'

How unit trusts can massage the figures

LAST MONTH, I looked at how unit trust performance is calculated and wrote that "there are plenty of ways of adding-on a percentage point or two to keep the fund top of the pops." Readers promptly asked: "How?"

Anyone in prolonged contact with the unit trust industry knows there are ways of "assisting" performance. Most rely on techniques which merely bend the rules a little. From one point of view might they be seen as cheating, but from another they are justifiable management strategies.

The phenomenon is sufficiently well-attested to enable at least one broker of whom I know to admit privately to running a "cheating portfolio." Here are some of the ways it is done.

● **Late booking.** A group buys securities and, if they rise in the days immediately after purchase, books them retrospectively to a favoured unit trust rather than to another of the group's funds. This is not illegal but, in theory, it should not be possible to get past the trustee. In practice, the sheer volume of business with which trustees deal allows enough margin *for* error to make late booking possible.

More than one person I contacted suspected some species of late booking associated with fund launches following fixed-offer periods. In theory, managers should not be making investments before the end of the fixed-offer period. In practice, a price rise of several percentage points in the first *day or two hardly seems* credible if the fund is really going from a standing start.

● **Ramping.** A small unit trust buys stock A at £1. A large fund which is part of the same group buys successive large tranches of the stock, pushing the price up to £1.50—so the unit trust has made a 50 per cent gain. Is this an illicit strategy or a valid one on the part of the larger fund?

Critics could argue that it is buying the stock ever more expensively. The fund manager could retort that he liked the stock at a price of up to £2 so had no qualms about continuing to buy. The manager has a properly argued and legitimate investment motivation. The critic has a case which is impossible to prove.

● **New issues.** A large management group will be offered a good deal of underwriting business. By booking a disproportionate amount of this to the favoured unit trust, the trust will gain from the underwriting commission (in many cases nowadays, the manager is never called upon to honour the underwriting commitment, so the commission is bunce).

It might not seem like "fair play" but the manager is free to decide on this sort of allocation, and could in any case argue that the underwriting risk is more in line with the objectives of small growth trust A than those of steady old general trust B.

● **Bid/offer basis.** Between the extremes of the full bid and offer calculations as laid down by the Department of Trade and Industry, there might be a difference of as much as 11 per cent. Most funds keep the gap at 6 per cent or less. There is, therefore, scope for moving the price quite considerably just by shifting the calculation; or for holding a trust at full offer before the year-end, in spite of large repurchases of units, by the managers holding the spare units in their own book.

Shifting the price basis is a perfectly legitimate ploy, although the managers cannot afford to over-use it.

● **Over-investing.** At the end of a month or year, the manager might invest money he hasn't got to boost performance in a rising market. The trustee should pick up over-investment pretty fast, but there are situations where it is regarded as reasonable.

For instance, if there have been settlement problems, and a good deal of cash is due to the fund from sales of investments, the trustee would find it hard to complain if the manager reinvested the money before he actually had it in his hand.

Likewise, if the manager saw what he regarded as a very good opportunity, and knew he had cash coming in from a regular savings scheme or insurance *plan, he might go ahead* and make a purchase.

"The prospect of a manager rigging the price is not something that keeps me awake at night," said one of the trustees to whom I spoke. Trustees do recognise that there are grey areas which are difficult or impossible to *police—and there* is no onus on them to complain unless the unitholders they represent actually are being prejudiced.

Large groups operating various different types of fund have most scope for performance-boosting. Our "cheating *portfolio*" broker *reckons* a sure sign is a very low-key launch. With these, he has often found, the trust performs spectacularly in the first few months and the group can then use that record to sell it and other trusts under management. The idea of starting low key is not to attract too much scrutiny in the early stages.

Just as "performance boosting" is impossible to prove, it is hard to know whether holders of the non-favoured funds are being prejudiced by such activity. Their only consolation is that trust managers cannot rely on this sort of method to sustain a performance record in the long term. Ultimately, true management skills still count.

• FINANCE & THE FAMILY •

Taxman's long arm

Sixteen years ago I purchased a villa with a large garden in Spain for holiday purposes and also use in retirement. The villa with improvements and additions since carried out is now valued at around £75,000.

Now, I wish to sell and purchase a flat in the town area instead of being "in the sticks." I am informed that if I receive pesetas in Spain for the sale, I shall only be able to *transfer out of Spain* the total cost, leaving the balance of £50,000 in Spain.

This would be acceptable as I should probably require this amount for the purchase of the flat and furnishings. What is the CGT position? Hopefully, I would not have to pay tax on capital that could not be brought to the UK. In any case it would appear unreasonable that CGT should be payable when the sale and purchase of a smaller and more manageable unit is prompted by the necessity to reduce running costs and to be nearer medical facilities.

Capital gains tax is levied on a catch-as-catch-can basis; so unfortunately the reason for the prospective sale is irrelevant. If you are in fact unable to transfer the chargeable gain to the UK, you can claim deferment of the chargeable gain until remittance becomes possible (whether during your lifetime or later), by virtue of section 13 of the Capital Gains Tax Act 1979.

Generosity unchecked

I wish to make a gift, without reservations, of several thousand pounds to my sister. Is any legal document needed to establish the date of the transfer for possible future tax purposes, or is it sufficient *simply to record the date* of transfer and sum involved in my income tax return? *Alternatively, would one* avoid any future tax liability by giving £3,000 in each of two adjacent tax years? (The sum considered being approximately £6,000).

No legal *document* is needed but it would be wise to have a receipt recording the date and amount of the transaction simply as evidence. You can give up to £3,000 in any year without having to bring such gift into computation. If you have not previously made such a gift you can give £6,000 in the first year. Thus you can give £9,000 without biting into the chargeable range if you give £6,000 before April 6 and *£3,000 after April 5.*

To the scaffold

A property I own *is* residential and part of a terrace built about 1840; it has a rear wing and the south wall of that rear wing is also a boundary wall. The re-pointing of the south wall of the rear wing has become necessary and to carry out the work the builder will have to erect scaffolding which would rest on the neighbour's land. When approached the neighbour said he had "no objection in principle"; however this was followed up by a solicitor's letter requiring that I should put on deposit *£3,000 to provide funds to* make good any damage caused, and I should make an outright *payment of £500.*

I assume that the situation I have described regarding the *wall is a common one* and it seems that anyone in my position should have the right *of access to repair his own wall,* afterwards making good any damage which might have been caused. The deeds are silent on the matter.

You have no automatic right to enter your neighbour's land to maintain or repair your wall. If you can prove that access has been made from your neighbour's land on a number of occasions in the past, going back more than 20 years, you may have acquired such a right by prescription. Alternatively, if the vendor of the property in 1840 (or any subsequent *vendor) had owned both properties and retained* the one onto which you now wish to enter when selling off your property, you would have an implied easement to effect such entry. If neither of these applies the law offers no solution, and you are at your neighbour's mercy.

Recorded delivery

We recently ordered *stock* from a reputable nursery by telephone. This is a common enough practice in the trade, when stock is required urgently, without time for correspondence to be exchanged.

On arrival at the nursery, the trees to be collected turned out to be not as specified, and thus unsuitable for the purpose required. Written evidence is *plainly somewhat flimsy,* but we have a telephone recording, since the event, *with the nursery, in which* all the salient facts are admitted. Is such a recording *of any use in a claim via* the court, for expenses involved in the wasted *journey and loss of profit.*

The recording can be transcribed and used. There are special provisions under the Civil Evidence Act 1968 for the use of such evidence.

Keep clear of my door

We live in a London mews. The whole neighbourhood is single yellow lined. Our garage door has a sign saying it is in use, but almost every day *it* is blocked by cars parked illegally (locked and with no indication of their driver's whereabouts).

What is the situation if I break a side window to gain access to try to move the car? Would it make any difference if there was a notice on the garage door warning that such action might be taken?

If you break a car window deliberately you may be charged with causing criminal damage. A notice will not help. Your better *course* is to block the offending car so that its driver has to make himself known to you to get *his car* away.

Collecting interest

I am a member of an international collecting society and hold the position *of* treasurer for three bank accounts, and a building society account. All the monies received are used for the *running* of the society. The sums included are approximately £7,000 to £8,000; *£1,000* building society account; $4,000-$5,000 US current currency account. Do I have to declare any interest received from the building account to the Inland Revenue? *If so,* who *in the society* is personably liable for it? The society has 4,500 members worldwide and is classed as an "educational charity" in the US, where members, *in the US* claim the subs on their tax returns. Would this have any bearing on your answer?

On the bare facts outlined, it looks as though the society is an unincorporated association (and not a charity under English law) and is consequently chargeable to corporation tax. Now, however, that the lower *rate* of corporation tax is no *longer* higher than the basic rate of income tax, there should be no net tax liability on the building society interest. Send a copy of the society's constitution etc. to your local tax inspector, together with details of the income in question.

BRIEFCASE

No legal responsibility can be accepted by the Financial Times for the answers given in these columns. All inquiries will be answered by post as soon as possible.

BRIDGE

CONFESSION, they say, is good for the soul. I have discussed this hand before — perhaps two *confessions* may be even *better.* I am ashamed when I remember this hand:

```
              N
            ♠ J 7 3
            ♡ A 9 7 6 5 4 2
            ◇ 10 9 5
            ♣ —
      W                 E
♠ Q 10 6          ♠ K 9 8 5 2
♡ Q J 8 3         ♡ K 10
◇ J 3             ◇ 7 6 4
♣ 9 8 4 3         ♣ 10 6 2
              S
            ♠ A 4
            ♡ —
            ◇ A K Q 8 2
            ♣ A K Q J 7 5
```

With North-South at game, I dealt in the South seat and opened the bidding with six clubs: all passed.

"Oh well," you say, "no wonder you are ashamed, if you bid like that. You might have missed a grand slam." You miss the point; I defend my opening bid. It may be churlish to express any dissatisfaction with my hand, but it has only two cards in the major suits. If I open with a conventional two clubs, the opponents may compete, and save *slam* and rubber at a bargain price. Change dummy's hand with East's—I can bid and make seven clubs, but the opponents will sacrifice in seven hearts, and lose a mere 700 points.

No, it is the way I played the hand that shames me. I won West's trump lead, and drew four rounds. I played ace and king of diamonds, dropping West's knave, crossed to the 10, and discarded my losing spade on the ace of hearts, and claimed 13 tricks—a horrible performance. How could I, who preach *safety* play *from* the house-tops, play so badly!

After drawing trumps, I *should have cashed the ace of* diamonds, in case the knave was single, then played low towards the *table. This gives up a trick* to the knave, but it forces an entry to dummy, and ensures 12 tricks. *Having dealt myself* such a marvellous hand, I should have invested in a 20 point insurance *policy. I* deserved to go down. This sort of carelessness attacks us all at *times.*

I am happy to say that I was more alert in this deal:

```
              N
            ♠ Q J 6
            ♡ 8 7 5 4
            ◇ A 2
            ♣ Q J 10 9
      W                 E
♠ 10 5            ♠ 7 4 2
♡ K Q J 10        ♡ A 9 3
◇ K J 8 7 4 3     ◇ 6 5
♣ K               ♣ 8 6 4 3 2
              S
            ♠ A K 9 8 3
            ♡ 6 2
            ◇ Q 10 9
            ♣ A 7 5
```

I was playing with Irving Rose as partner in a teams-of-four match. North-South were vulnerable when West dealt and opened with one diamond. This was followed by two passes, and it was up to me to reopen. I *chose to bid two spades, and my* partner raised to four.

West made his king and *queen of hearts, and followed* with the knave, which was covered by East's ace and ruffed in hand. It was obvious that East, who had passed his partner's opening bid of one diamond, could not hold the *king of clubs, so I seemed to* have four losers, two hearts, one diamond, and one club. How was I to make my contract?

I drew trumps with queen, knave and king, ruffing dummy's last heart en route. Now if West had started with six diamonds—which was not unlikely—in addition to four hearts, his king of clubs would be single, so I played my ace of clubs, dropped the king, and made 10 tricks.

"Very lucky," you say, "Why does it always happen so conveniently for you?" Just a minute—you don't think, I hope, that to find the king singleton was my only chance. If the king does not fall, I play another club, which West wins. Now he is endplayed, and has to lead from his king of diamonds. I run this to my queen, and *again I have 10* tricks.

E. P. C. Cotter

CHESS

ONE SIDE-EFFECT of *glasnost* in the USSR is that overseas tours by Soviet grandmasters and Russian invitations to Westerners have both become more frequent. USSR participation adds *status and interest* to any event, while competing against Russians on their home *ground is rigorous and* beneficial training for even the strongest Western players.

Soviet entrants came to both the US and New York Opens, then world woman champion Maia Chiburdanidze made a *North American* tour. Back in Leningrad, a grandmaster tournament in honour of the *70th anniversary of the* revolution, which in the old days would have been limited to Russians and East Europeans, this time included Westerners. First prize went to Vaganian on 8/11, but paradoxically the moral victor was Karpov who pulled out at the last moment.

Julian Hodgson, the 23-year-old Londoner, who is close to the grandmaster title was among the Westerners at the Keres Memorial at Tallinn. Outplayed by the Russian, he won the best attacking game of the tournament when his opponent chased an irrelevant pawn.

White: J. M. Hodgson (England).
Black: P. van der Sterren (Netherlands)

Reti Opening (Tallinn 1987)

1 N-KB3, P-Q4; 2 P-QN3, P-QB4; 3 P-K3, N-KB3; 4 B-N2, N-B3.

White's formation aims at his K5 square and thus plans to pin or exchange Black's queen's knight. Black should counter by P-QR3, B-B4 or B-N5.

5 B-N5, Q-N3; 6 P-B4, P-QR3; 7 B-R4, PxP; 8 QBxN, NPxB; 9 PxP, R-KN1?

A more serious error, since opening the KN file favours White. Better is B-N2.

10 N-B3, RxP; 11 R-QN1, Q-B2; 12 N-Q5, Q-Q3; 13 N-N6, R-QN1; 14 NxB, RxN; 15 RxP, *B-R3; 16 N-R4!* RxRP.

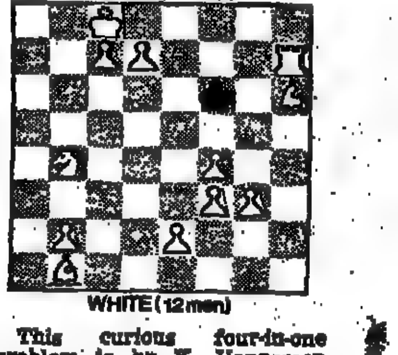
Another irrelevant pawn capture, but White threatened both NxR and N-B5.

17 RxR, QxR; 18 Q-N4, Q-R8 ch; 19 K-K2, R-Q1; 20 Q-N8 ch, B-B1; 21 N-B3! Resigns.

A picturesque tableau. Black is still a pawn up, but loses a piece by 21...R-B1; 22 BxN ch, *RxB; 23 R-N8 ch.*

PROBLEM No. 677

BLACK (1 man)



WHITE (12 men)

This curious four-in-one problem is by K. Hanneman (Skakbladet, 1922). It calls for manual as much as mental agility, so make sure you have plenty of space to spread out your FT.

(a) White mates in two moves, against any defence. (b) Turn the board 90 degrees clockwise, again mate in two. (c) Turn the board clockwise another 90 degrees and (d) do so again, each time there is a fresh mate in two.

Assume the white and black squares on the board are transposed *in (b) and (d). There is* a link between the four answers which solvers will find on completing *the full circle.*

Solution Page XVII

Leonard Barden

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Country Property

• PROPERTY •

Your rural mansion, for ready money

John Brennan's round-up of country houses shows some surprising results

JUST LIKE the stock market, the town and country house markets are bracing themselves for a big influx of foreign buyers.

The Prime Minister's dollar-appeal and the post-election comfort of a five-year stretch of "no change" Government has convinced many British agents, as it has City brokers, that the dollars, Yen and Dmarks are poised to pour into equities and Queen Anne mansions, Kensington apartments and residential farms with just enough of a shoot to try out a pair of newly bought Purdys.

As the brokers and agents alike hold their breath, Bill Yates, head of the residential division of Knight Frank & Rutley, makes the far less speculative point that profit-taking in the stockmarket tends to translate into housing. And while there is still more hope than reality in the talk of a significant additional inflow of overseas cash chasing UK properties, there's no doubt at all that many domestic investors are turning some of their spectacular gains in the run-away bull market into real estate.

Bill Yates of Knight, Frank & Rutley

For those with precariously highly-valued equities, looking for a more solid investment in the country, Ian Stewart at Savills has been sifting through the results of the agency's latest survey of country house buyers' preferences. The result is a rule of thumb guide to the properties that sell well, and those that could be a drag on the market when the time comes to cash in the manor house.

Far and away the safest bet is a £250,000 to £500,000 freehold property, under an hour door-to-door from London, with at least five bedrooms, in an elevated position and close to a village. Some 25 per cent of Savill's prospective buyers look for £250,000 to £350,000 homes; another 21 per cent are looking in the range £350,000 to half a million. Average incomes in the range £50,000 to £200,000 explain the price preferences.

More than half Savill's country house buyers were purchasing with cash; only 45 per cent needed a mortgage, and a fair number of those were taking out a £30,000 loan only to take advantage of the tax relief.

As for building styles, Georgian homes remain the firm favourites, followed, in descending order, by Queen Anne, Tudor or Regency, Elizabethan, Victorian-Edwardian, 1920s-1930s, or modern "period style".

Modern country houses as such have far fewer fans than period properties. Country living is a more important draw than good local schools, although buyers' age ranges (averaging around 46-55 for men, and 36-46 for their wives) indicate that moves to the country are often sparked by the pressures of growing children cluttering up the house.

Golf reigns supreme as the leading country interest as 45 per cent of buyers want to be close to a course. Find a place near a clay pigeon shoot, with a long drive, and close to a good fishing river, and you'll have covered the majority of buyers' interests.

One in five buyers would like an outdoor swimming pool, just a few short of the hard court tennis enthusiasts. Croquet doesn't seem to rank on country home buyers' priority lists any more, but a two to five acre garden is regarded as ideal, which helps explain why 36 per cent of buyers feel that a gardener would be a useful addition to the household.

Oddly enough, given buyers' passion for older houses, double glazing is regarded as a distinct plus, along with porches, mature trees, good views and — suggesting that ex-townies do not like to be too remote — milk and newspaper deliveries.

Watching one's gardener chat with the milkman by a row of poolside oak trees through the double glazed quiet of one's Georgian porch seems to be the lifestyle of the 1987 country buyer.

Do not, on the evidence of Savills' research, risk tackling an "improvements" programme that adds unpopular features to a country house. Balconies should be left to the Royal Shakespeare Company, jacuzzis resisted, and rockeries kept will off the gardener's list of jobs. Grass tennis courts should be swiftly hardened up, formal gardens made softer, and all sight of gas log fires eliminated. Aluminium frame windows do, it seems, make buyers frown as deeply as shared drives, squash courts, night storage heaters and homes in valley positions with East/West aspects that have bathrooms without windows or spiral staircases.

One more serious item of evidence from Savills' research helps confirm that the age of the multi-generation country home is long gone. No less than 53 per cent of buyers reported that they move home more frequently than every five years. Thirteen per cent make a move every one to two years. The well established in-town pattern of trading-up, across, and occasionally down the property market has now travelled with the commuters well into the shires.

QUITE APART from the appeal of living in the Cathedral Close in Salisbury, Braybrook House should be particularly attractive to anyone who is worried about burglars. Having a former Prime Minister living a couple of houses away generally helps to keep a place high on the police patrol lists, and Edward Heath, like other former PMs, remains well guarded.

Robin Petherick, of Strutt & Parker's Salisbury office (0722 28741) is selling the remaining 36-year lease from the Dean and Chapter on the five-bedroom, Grade 1-listed Braybrook House. He's expecting offers over £200,000 after hot competition in the last few weeks for a much smaller four-bedroom house on a 20-year lease across the Close, which eventually sold for well over the £80,000 guide price. The value of a Close property was further confirmed by Savills' recent sale of a two- to three-bedroom flat in Close Gate House for around £110,000.

Braybrook House, which is based on a 14th-century building refaced in the 18th and substantially refurbished in the 1970s, was the Headmaster's house for the Choristers' School from 1563 until the school moved in 1947. It has a long walled garden running down to the River Avon, where the new owner will have fishing rights.

FARMWORKERS' houses were rarely built with a Volvo-load of weekenders in mind, and many of the country cottages tackled by urban improvers end up being dwarfed by their additions. As Nick van Zeller of Knight Frank & Rutley's Hangerford office (0488 82726) says, "When you see cottages that have been built-on to make a good-sized house they look like that—cottages that have been built on."

He can afford to be a trifle dismissive of the usual crop of cottages since he has a triple-scale one on his books right now that does have the size and shape of a fully-fledged country house (even if it does also have all the negative period features of an unimproved 19th century building—such as no sanitation).

A lack of loos isn't likely to deter a good audience for KFR's John Inge when he wields his auctioneer's hammer on this former terrace of cottages at 3 pm on July 17 at the Savernake Hotel in Berkshire. The cottages themselves are just over the Wiltshire border, but within the critical hour-to-London target range of so many commuters.

As they stand in a two-acre plot on the edge of Savernake Forest, which has formed part of the Marquess of Aylesbury's family estate since 1067, a guide price of £175,000 reflects both the location and the potential to create a single five- or six-bedroom house within the frame of the existing building—planners permitting.

Country Property

New Homes

Overseas Property

London Property

Overseas Property

London Property

Keith Wheatley in central Australia

Shake, rattle and roll on Gunbarrel Highway

FINE DRIFTING sand came almost up to the wheel hubs as the two leather-clad motorcyclists pushed their huge BMWs over the crest of the dune. In the sun, and in this part of central Australia, there is no shade, so the temperature was around 110F. "How's the road up ahead?" asked one rider, with understandable anxiety. He was relieved to hear that it didn't get any worse.

We were, in opposite directions, traversing the dirt road track that leads from Perth to Ayers Rock. It runs for 800 sun-baked, dusty miles along the southern margin of the Gibson Desert—named, ominously, after Victorian explorer Alf Gibson who died of thirst there in 1874.

There are, conventionally, two routes to the Rock—the world's largest monolith set in virtually the exact centre of Australia. One is to fly straight from one of the country's major cities to the new airport servicing Yulara, the purpose-built National Park resort 10 miles from the Rock.

The second is to travel to the regional capital of Alice Springs and then take one of the many two and three-day coach tours to the "huge pebble." It is a 700-mile round trip and many travellers appreciate sitting in air-conditioned comfort and letting someone else drive.

A third possibility, distinctly a minority choice, is to take our route, east from Perth, along the legendary Gunbarrel Highway.

Aboriginal tribes now own this land and permits are required to cross it. The system is not unlike the Indian reserves of North America. A more practical problem is the lack of resources. Water, fuel and survival gear must all be carried with you.

What we did see as we bounced and rattled along the rutted track or swished through deep sand were vast landscapes, mountains and bluffs. The oldest mountain ranges in the world—dating back around 600m years—are here and they don't seem to have changed much. The primary colour is a deep ochre-red but as the sun arcs across the sky the crags and gorges can swing from a subtle pink to a deep, moody indigo.

Stretches of the Gunbarrel lie ruler-straight for over 50 miles, hence its romantic name. The route is only open during the southern winter from March until November. During the summer conditions alternate between torrential rain and 140F heat. Vehicles taking the Highway at this time are liable to a fine of A$1,000 per wheel—a considerable sum for a big truck.

Docker River, an aboriginal settlement hemmed in by steep mountain ranges 150 miles west of Yulara, is the site of one of Australia's most curious export trades: camels to Saudi Arabia. Members of the Pitjantjatjara tribe, with the guidance of a European adviser, round up specimens of the 20,000 camels roaming wild in central Australia and ship them to the Middle East.

Camel racing buffs in Riyadh and Jeddah prize the beasts from Down Under and pay handsomely for them. Since their working role around Alice and the WA goldfields ended a century ago and they were turned lose into the bush, Australian camels have bred into a disease-free and tough strain highly regarded in their ancestral home.

Entering the Uluru National Park after four dusty days on the Gunbarrel, the sight of Mt Olga (the twin peak to Ayers Rock) is alone worth the journey. Named after a Spanish queen by explorer Ernest Giles, the peak is highest among a group of over 20 curiously smoothed and rounded mountains flung like giant grapes into an area just five miles by four.

From the endless desert to the west they loom out of the horizon, vast elephants' molars shifting in colour between purple and maroon as the light of the setting sun falls upon them. Between the peaks lie narrow twisting gorges, dotted with rock pools, where pencil-thin eucalypt trees strive up towards the light hundreds of feet above. Various well-defined tourist walks thread the gorges. Although not dangerous, they call for stout footwear, a high level of energy, and two to three hours of walking.

Despite being far less well-known than Ayers Rock, 20 miles east at the opposite boundary of the Park, the Olgas are at least as worthy of attention. Unlike the cosy monolith—which Prince Charles climbed and the Princess of Wales rejected as too boring—there is no walking path to scale Mt Olga. Nevertheless, the foolhardy still try.

Before visiting Ayers Rock, a trip to the National Park information centre at Yulara is highly recommended. A combination of excellent photographs, artefact displays and well-presented text attempt to put the Rock into some sort of geological, anthropological and historical context.

Far back in the pre-historical ages that they call The Dreamtime, Ayers Rock was sacred to Aborigines of the central region. Their name for it is Uluru. Women made long pilgrimages to give birth there and in certain shaded pools around the base was found the only permanent drinking water for 100 miles.

So vital to these desert nomads are the infrequent springs and waterholes that it is a tribal offence punishable by ritual spearing—producing a wound rather than death—to enter the water. The Aboriginal method of body cleansing is to stand in the smoke of a burning mulga tree. The fumes kill human skin bacteria.

Aborigines think it odd or worse for tourists to want to climb their cathedral, but the phenomenon shows no sign of abating. A fixed chain aids walkers on the one mile climb to the 2,900 ft summit but it is still a stiff task. The sandstone surface of the Rock has been worn to a slippery patina by countless feet. Five brass plaques at the base of the chain commemorate those who have perished in falls on the Rock; 28 others go unrecorded.

In spite of, or perhaps because of, the massacres of an earlier era, modern-day Australia has become responsive to Aboriginal sensitivities. For this reason when construction work started in 1984 on the Yulara resort it was sited half-an-hour's drive from both mountains.

Accommodation ranges from a 234-room Sheraton to the Ayers Rock Lodge which provides hostel-style cabins and dormitories (A$9 a night) for the growing numbers of young international backpackers travelling Australia. There is another four-star hotel and one campground with fixed, air-conditioned caravans rentable by the night.

The Sheraton is, by an Aussie mile, the pick of the accommodation. The rooms, reached by outdoor walkways, are grouped around a huge swimming pool. Grass surrounds it and overhead fixed horizontal "sails" generate a cooling breeze even on still days. The system was known to the Pharaohs and still works.

Buffalo steaks and kangaroo-tail soup are among the oddball delicacies fund in the Sheraton's Kunia a la carte restaurant. Service is excellent and the walls are decorated with many panels of an authentic Aboriginal mural.

It seemed to this visitor that Yulara had been modelled—very successfully—on the resorts within the giant US national parks such as Yellowstone.

For those who wish to taste the joys of the desert, there are regular flights to Yulara by three Australian internal airlines and countless coach and air charter services from Alice Springs. The truly crazy who wish to tackle the Gunbarrel can hire a 4WD in Perth or buy a ticket with Shoreline coaches of Rockingham, WA, which sends a rugged bus regularly along Australia's longest dirt road.

● Specialist operators include Austravel, Insight, Jetset Tours, Kuoni Travel and Travelbag. For a free, comprehensive, 132-page brochure called Australian Dreamtime, write to: Australian Tourist Commission, Distribution Dept., Park Farm Road, Folkestone, Kent CT19 5DZ.

A model hotelier

AS MANAGING director and *general manager of the world's* best-known hotel — London's Savoy—Willy Bauer is rated a model hotelier of the sort described by author Sinclair Lewis 50 years ago. Lewis was born and raised in his parents' hotel in small-town America.

A hotel manager, Lewis said, had to be a combination of *hausfrau*, chef, doctor, wet-nurse, bouncer, lawyer, laundry man, plumber, carpenter, upholsterer, speech-maker, cop and diplomat. He must "know more about wine and cigars than the fellas that make them," and "tell from looking at a girl's ears whether she's married to the guy or not."

The Savoy group is proud of Willy Bauer, whose flair and ability, it said last year, had been major factors behind the recent financial success of the Savoy, which celebrates its centenary in 1989.

In turn, Bauer talks with great fondness and respect for the Savoy, a 100-year-old dowager whose face and figure are *still finely etched, thanks to the* ceaseless ministrations of the hotel's own interior decoration company, which refreshes her constantly.

This fussing by her gigolos costs dear. To redecorate a suite at the Savoy using new curtains and carpets and installing a new bathroom costs about £65,000. During Bauer's five-year tenure, major improvements at the Savoy have included a total refurbishment of the kitchen (almost £3m), the American Bar and some private rooms; plus a restyling of the main lobby, Grill Room, and most of the apartments and suites. And the Savoy was the first hotel in London to install a 16-channel cable TV service in every bedroom.

"All told, we've spent not far short of £10m over the last five years," says Bauer. "But then we're showing very good profits."

Sitting in a fifth-floor suite, with a view of Monet's Thames, Bauer explained that "100-year-old ladies like this need strict control. Money can run down the drain if you're not very careful. Yet a 100-year-old hotel needs money spending on it. We think the Savoy has now got the right number of rooms—200, taking 325 guests, with 645 staff—though we could *easily add 25 or 30 rooms. For* the time being we are concentrating on getting everything into top standard.

"It costs a lot, but the name deserves it. Even people who come here once in a lifetime have enormous expectations. To them it is a much greater disappointment if even something small is wrong."

Willy Bauer also has direct responsibility for two other Savoy group properties: the Lygon Arms in Broadway, Worcestershire, and Wilton's restaurant in London's Jermyn Street, plus group development. (The group's other hotels are Claridges, the Connaught and Berkeley in London, and the Lancaster in Paris).

Another man of crucial importance at the Savoy is *maître chef de cuisines* Anton Edelmann. One evening I dined in his office, which has a glass wall overlooking the new kitchen. "My aim," says Edelmann, "has been to update the cooking. One has to tread carefully, because people like the Savoy's image, which is very classical. Despite that, our cooking is now as modern as can be."

Over the years, the Savoy has seen some famous parties—none more renowned than the "gondola dinner" hosted by champagne millionaire and Wall Street financier George Kessler in July 1905, when the old forecourt of the Savoy was flooded and lit by 400 Venetian lamps. *The centrepiece was a silk-lined* gondola for the guests, decorated with 12,000 fresh carnations. There was a baby elephant, a five-foot birthday cake, and arias by Caruso, who was paid £450.

It will be hard to beat that. But as the Savoy approaches its centenary, Willy Bauer is promising a grand party for New Year's Eve 1988.

● The Savoy Hotel, The Strand, London, WC2R OEU. Tel: (01) 836 4343. Telex 24234. Fax (01) 240 6040.

Room rates per night range from £120 single to £320-plus for twin-bedded double suites. Riverview doubles from £210, suites from £520. Rates include VAT and service charge. There are various weekend offers.

Michael Thompson-Noel

Touch of Class

The Savoy, London

Hunt out the ultimate safari

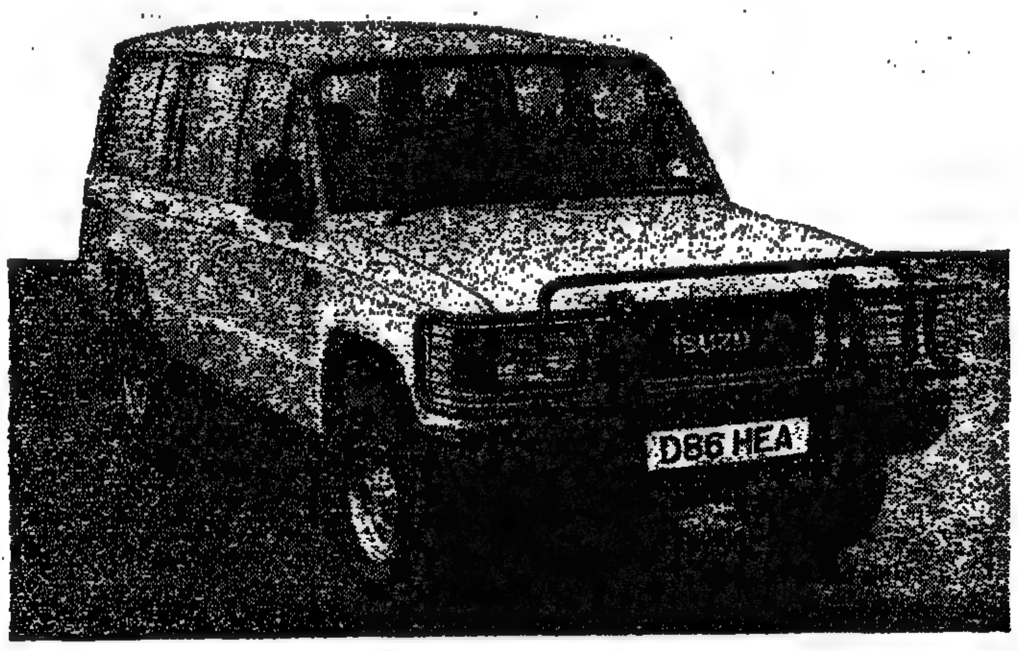
A LUXURY safari for two, with private plane, personal chef and designer safari wardrobe, is being offered at auction by Sotheby's on October 26, writes *Annalena McAfee*. *Successful* bidders for the three-week Kenyan safari will also have the satisfaction of knowing they will be helping to save one of the world's endangered species — the black rhino.

The safari, which has a retail value of £25,000, is being donated by Governors Camp in Masai Mara, the Kenyan extension of the Serengeti, to boost Sotheby's auction on behalf of Rhino Rescue Appeal. Works donated by wildlife artists David Shepherd and Robert Bateman, and sculptures by William Timym and Robert Glen, will also come up for auction.

Other lots include fine wines, fine art editions, salmon fishing on the River Tweed, and a poem composed specially by Ted Hughes, the Poet Laureate. Proceeds will go towards the first rhino sanctuary at Nakuru.

● Singapore's Changi Airport has launched an incentive scheme to persuade transit passengers to return for a longer visit. Lures include free city tours for passengers with sufficient time between flights, and offers of up to 75 per cent off published rates at 34 deluxe and first class hotels.

● The marketing group Great *English Cities, which promotes* short break trips to 13 cities, has extended its programme of cut-price holidays. More than 50 luxury hotels, available at weekends under the scheme for £19 for a first night and £16 for a subsequent night, are extending the bargain to cover trips on weekdays as well. This makes it possible to stay seven nights in a top hotel for only £115 per person, including full English breakfast.



The Isuzu Trooper . . . a Range Rover alternative at a Land Rover price

Old dog, new tricks

THE CLOTHES people wear say quite a lot about the cars they drive. At least, they do with four-wheel drive vehicles.

A Range Rover, Mitsubishi Shogun, Mercedes - Benz Gelandewagen or Isuzu Trooper driver will probably be sporting a cap by Lock, Barbour jacket and Uniroyal Hunter green wellies. A Land Rover driver's jacket will be donkey or combat; his headgear a plastic or steel helmet; and his boots military or industrial rubber.

I exaggerate, of course, but only to make the point that the Land Rover is no longer really competitive in the growing recreational 4x4 market. It is bought mainly by armies, public authorities and others who can really make use of its formidable off-road capabilities whereas its more civilised rivals may rarely, if ever, get their tyres deep in mud.

A farmer friend keeps buying Land Rovers and, just as regularly, complains to me that their *diesel engines lack power.* He should try the new one with a turbocharger because it is the best that Land Rover has ever made and it really has punch.

I was not looking forward to a 350-mile motorway trip I had to make in a Land Rover 90 Turbo-diesel, but it kept up with the 75-80 mph (120-130 km/h) traffic stream and still managed 23 mpg (12.28 litres per 100 km) over a week-long test. Nor did it run out of puff on hills, on which the older diesels were an embarrassment. Remarkably for a turbo-diesel, it has a lot of pulling power at low speeds, which is what an off-road driver needs.

Having made its diesel muscular enough to match its Japanese competitors, Land Rover must now try to get some of the noise out of it. My test vehicle admittedly had a van body without the side windows, rear seats and better trim of the County 90 station wagon. But even making allowance for that, the racket inside was wearing after an hour or two.

The Land Rover is still more of a commercial vehicle than a car but driving position is not at all bad. Long-legged people need more rearward adjustment but it cannot be done because of the metal wall that runs across the body.

Power steering made my Land Rover Turbo-diesel feel quite nimble and the all-coil suspension gave an acceptable road ride, bearing in mind the short wheelbase. The clutch is a real calf muscle-builder and the five-speed gearshift heavy and notchy. It costs £13,159 for the 90 station wagon version.

The Isuzu Trooper five-door estate I had shortly after the Land Rover shows why the Japanese makers have cleaned up the recreational 4x4 market. With a 2.25-litre turbo-diesel and five-speed twin-range trans*mission (like the Land Rover)* it costs £13,398 including power steering, electric windows and central locking.

It is not quite as powerful as the Land Rover (74 horsepower against 85) and has *much less torque* (pulling power) at higher engine speed. For heavy trailer-towing or severe off-roading it is not the Land Rover's match, nor does it have permanent all-wheel drive with central differential.

To the recreational 4X4 owner, this is unimportant. What the Trooper does have is an engine that lets it cruise at 70 mph as quietly as a normal car, a light clutch and silky gearbox, and independent front suspension for a comfortable ride on or off the road.

The appointments are those of an executive car. The carpeted interior is for vacuuming, not cleaning out with a hose. On the road, you use rear-wheel drive only. Putting it into four-wheel drive in high or low ranges automatically locks the free-wheeling front hubs.

Used as a car, it reminded me of a high-slung Volvo estate. Yet, on a partly-flooded army testing ground it did all the things you expect of a real off-roader. Over 500 miles (805 km), I averaged 27.5 mpg (10.27 litres per 100 km).

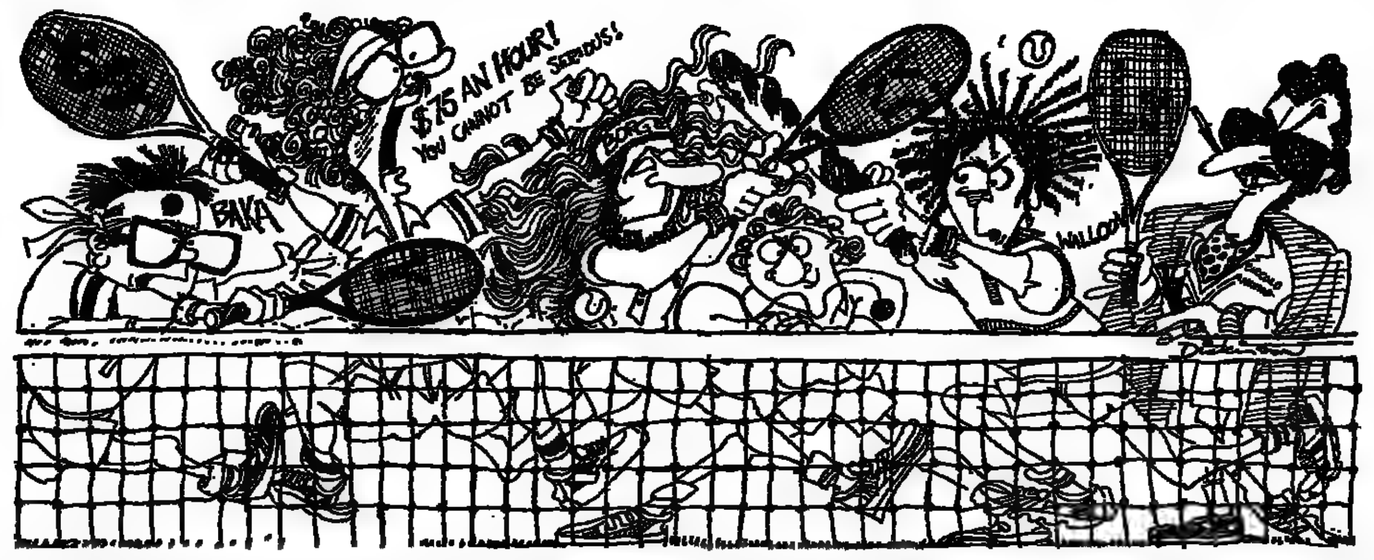
It goes best if you drive it like a petrol-engined vehicle, *changing up at 2,000 rpm when* you are getting the turbocharger's benefit. Below that, it lacks urge but remains smooth, without the shuddering exhaust system vibration that you get at low engine speeds in the Land Rover and even Range Rover turbo-diesels.

Land Rover might be looking at ways of getting back into the recreational 4x4 market. If so, I hope it buys a Trooper and strips it down to the last nut and bolt to find out how to make a diesel perform with such polish.

Stuart Marshall

Wonderful world of tennis

IN THE major cities of the world a finely-tuned forehand and a stylish serve are the kind of asset no upwardly mobile executive should neglect. But how and where does he get a game? Which are the clubs to join, what are the prices to be paid? FT foreign correspondents serve up the facts and figures.



TOKYO

Jurek Martin

THE ADVICE to tennis players visiting Tokyo is simple; either know somebody in the city with access to a court or do not *bother to pack a racquet.* Residents in the capital have been known to sell the family silver or state secrets in order to get a game.

The problem is that there are far too many players competing for far too few courts. The tennis craze in Japan is approaching that for golf, especially among the young. *The booking system for public* courts — involving phone calls weeks in advance (in Japanese), personal appearances, lotteries, and horsetrading — still often ends up with eight players to a court and baffles and deters *even the Japanese.* One or two of the big hotels (the New Otani, for example) have courts but these are often reserved well ahead of time by locals.

Most private clubs are on the outskirts of the city, where land is a little less heavily developed. The nicest and most convenient downtown club is the venerable Tokyo Lawn (the courts are clay) where the Crown Prince and Princess like to play, rather well, too. The club reserves about half its membership for foreigners, but the waiting list is two years — for the Japanese it is 20 years.

Further out, at the Royal Takaido in the western suburbs, access, with the assistance of a member, is a little easier, but it is still polite for the visitor at least to offer to pay the guest fee, typically Y3,000 (£13) on a *weekday, Y5,000* at the weekend. However, few, if any clubs have reciprocal arrangements or are part of international schemes.

Beyond this, and some splendid mountain and seaside resort complexes where everything is obtainable, a few embassies have courts (one in the British compound, two in the American) which sometimes are available; and there is a very long wall near the Olympic Stadium where hundreds stand in line for hours to get their allotted 3 ft each for a few minutes. It is, in sum, no wonder that Japan has still to produce a Boris Becker or a Steffi Graf.

Mind you, if you do get on, the Japanese are marvellous to play with and sticklers for etiquette. Language is important and not necessarily Japanese. The cry of "watch" means that one player in a doubles is *telling* his or her partner that the ball is going out; "nice watch" means it did *go out;* "onegai" (literally, "request") means "yours" and "baka" (idiot) means that you, but not your partner or opponent, has played a bad shot. At Tokyo Lawn, a classy place, the dress code is liberal; elsewhere the latest fashion is *de rigeur.*

NEW YORK

William Hall

IF YOU want to play tennis in New York your best bet is to befriend a *rich banker who is* a member of the River Club on East 52nd street. This cynical advice comes from Mr Eugene L. Scott, publisher of Tennis Week.

Mr Scott is a seasoned observer of the *New York tennis* scene, which ranges from inflatable bubbles on derelict Manhattan piers, to the asphalt jungles of the lower East Side. The River Club has only two courts so for all practical purposes *it is a non-starter* and Mr Scott recommends the serious tennis players to take a short taxi ride across the 59th street bridge to either East River tennis or Tennisport in Long Island City.

Securing a court at short notice may be difficult. For a start, clubs such as Forest Hills a *the Westchester Country* Club, in the New York suburbs, are open only to members and guests, and have waiting lists and membership fees which even a wealthy investment banker would find challenging.

Meanwhile, it can be very difficult to get a public court in Manhattan during the popular early morning and early evening periods when the yuppies are out in force.

For those tennis players where money *is no object, it is* relatively easy to find a place to play in Manhattan. There is an indoor tennis club at Grand Central Station, for example, where non-members can play for $75 per hour in winter and $50 per hour in summer. It is open from 7 am to 11 pm and a year's membership, which includes one free hour of tennis a week, costs $3,300. Summer membership costs $900.

At the other end of town there is the Wall Street Racquet Club—an inflatable bubble perched on Piers 13 and 14 on the East river at the foot of Wall Street. It is open from 6 am to 1 am and has nine courts covered in something called "har-tru." *There is no* membership fee and court fees range from $50 an hour between 5 pm and 8 pm to $16 between 11 pm and 1 am.

However, regular tennis players say that the best value for money in New York is either the more than 100 tennis courts operated by the City *or the National Tennis Centre* at Flushing Meadow, a half-hour subway ride from central Manhattan.

Central Park is in the centre of Manhattan and has 30 open-air hard tennis courts. It costs $4 per person per hour and the city also sells a $35 season permit for free play between April and October. Mr Scott describes Central Park, which has clay and non-clay courts, as a "terrific facility" but warns newcomers to New York to be prepared for a nightmarish administrative system when it *comes to booking courts.*

"You have to know the ins and outs of New York's weird sporting life, when you come to book a court."

The National Tennis Centre is the home of the US Open and where all the famous tennis players play once a year. But that is about all you can say for it, says Mr Scott. Jimmy Connors described it as a "concrete zoo" and Ivan Lendl walked off the court in 1980 after a garbage bin caught fire. The organisers apparently did not notice that it was on the flight path into New York's busy La Guardia airport when they built the National Tennis Centre. The good point is that it is almost always possible to get a court and the average price per court is around $15 per hour.

PARIS

Paul Betts

TENNIS IN FRANCE *has* become as familiar a sport as boules in the last few years. It has become so popular that the annual Paris International tennis championship at Roland Garros has now overtaken the Tour de France bicycle race as the country's most popular *sporting event*—at least, according to the latest French opinion polls.

Some people would say this is hardly surprising. After all, *the word "tennis" comes* originally from the French "tenez," the warning given by a player about to serve in the original version of the game a few centuries ago.

Until recently tennis was regarded as an *élitist sport,* like golf is still regarded today; a game for the rich and well-to-do. However, when a new breed of French tennis champions emerged, led by Noah and Leconte, the Old French chauvinistic adrenalin got going; overnight every French schoolchild wanted to become a tennis star.

The astonishing development of tennis as a popular sport in France is reflected in a few statistics. Back in 1950 there were only 1,410 tennis clubs throughout France. By 1980 the *figure had only grown to 4,822.* But in the last seven years the number of tennis clubs in the country has multiplied—to more than 9,300. The same has happened with the number of courts. Back in 1960 there were *only 3,000* courts in France, according to the French Tennis Federation. The number rose to 5,492 by 1970, shooting up to 15,000 by 1980 and 24,000 by the end of last year. A similar spectacular surge has happened with the number of officially classified French tennis players. There were 5,382 *players* listed by the Federation in 1970. Today there are more than 180,000.

If, in the past, tennis clubs were expensive and exclusive places, new facilities have been sprouting up all over France. Local town councils have built courts which are accessible to ordinary mortals for a modest hourly sum.

Ironically, Paris — still the centre of the world for many people in France—has in many ways lagged behind the general explosion in new tennis facilities around the country.

The traditional smart clubs are out of reach of most Parisians, but are a "must" for social climbers or members of the establishment. In the Bois de Boulogne, one of the classic institutions is the Racing Club de France, with its 50 tennis courts, swimming pools and well-known coaches. But initial membership costs FFr 8,500 (£850) plus annual fees of FFr 4,500 (£450) a year for adults and FFr 1,500 (£150) for children (even those aged one). Indeed, you need to sign up your children at birth for membership at the Racing, rather like registering them for entry into a smart public school in the UK. You also need two patrons to sponsor your application.

Parisians who regard the Racing Club as a little too *nouveau riche* go either for the *Polo Club, with its 20 courts,* or the *Tir* au Pigeon with clay courts and a level of fees similar to the Racing. The old families plump for the Tir au Pigeon — probably the only sports club in Paris which *despises sporting activities,* according to the conclusions of a recent book on shortcuts to success in France, called Les Chemins de la Reussite, by Alexandre Lazareff and Jean-Pascal Tranie.

If you are prepared to queue for a court rather than for membership of a smart club, a much cheaper way is to go to one of the capital's municipal courts. There is a nice one in the Luxembourg Gardens, but the great majority are in the suburbs. These cost only £2 an hour for open air courts *without artificial lighting, £3* an hour for courts with artificial lighting. Covered courts are a bit more expensive.

There is another solution. During the last few years, around the suburban belt of the capital, a number of tennis clubs have sprung up which are also open to transient foreign visitors. One of the biggest networks is made up of the *Forest Hill sporting* complexes, where new members pay FFr 1,000 (about £100) as an initial membership fee, and then FFr 500 (about £50) a year in annual fees. Courts cost FFr 40 (£4) an hour during non-peak hours, doubled at peak hours. The Forest Hill clubs also *provide* partners for members who want a game and have no one to play with.

But whether you play or do not play tennis, everyone now seems to follow the *exploits*—or mishaps, which are more frequently the case—of the national tennis champions. Roland Garros has become one of the biggest social and media events of the year in France. During the French International championships you will find the cream of the *French political,* financial and showbusiness establishment at Roland Garros, lunching in the Roland Garros "village" and making deals in the centre court.

STOCKHOLM

Kevin Done

IN THE middle of a Swedish *summer battered by wind and* rain, tennis-playing visitors can take consolation from the fact that the game is considered generally to be a winter sport to be played indoors in the warm.

The tennis boom that has swept Sweden in the past 15 years has ensured that the country has some of the best indoor facilities in Europe, although they often are deserted in the summer months as most people take off to their summer cottages, the boats or the Mediterranean.

Many of the indoor courts are open to casual visitors. In Stockholm, you can even end up on the centre court at the Royal Tennis Hall (Kungliga Tennishallen), an arena graced at least once a year by many of the world's greatest players competing in the Stockholm Open, the oldest of the Grand Prix indoor tournaments.

John McEnroe won there in 1978, 1979 and 1984, Björn Borg in 1980, *Mats* Wilander in 1983 and Stefan Edberg in 1986.

The Swedes' *success* in men's tennis — it has not yet been mirrored to the same extent in the women's game — is a phenomenon of the modern era and can be traced back to the outstanding achievements of Borg in the mid-1970s.

The Swedish Tennis Association claims there are about 1,400 *indoor courts* in the country (for a population of only 8.3m) and the association is aiming finally to have one indoor court for every 10,000 people.

During winter, especially in *the Swedish capital,* it can be very difficult for the casual visitor to find a free court. At the Royal Tennis Hall, for instance, 98 per cent of the capacity is taken up by block bookings, often by companies; *but it is a different story* in the three summer months of June to August when indoor courts usually are readily available.

During the peak hours in summer, an indoor court at the Royal Tennis Hall — the surface is Plexipave—costs SKr 75 (about £7.25) an hour, and there also is a sauna and even an outdoor pool. The courts are open seven days a week, racquets can be hired locally, and *coaching* can be arranged. An additional SKr 35 an hour is added to prices outside the summer months.

Apart from the Royal Tennis Hall (Tel 670 350), there are at least three other main in*door tennis complexes* in Stockholm — Tennisstadion (Tel 207 161), Stockholms Tennishall Janne Lundqvist (Tel 511 010) and Salkhallen (Tel 262 550) as well as several other locations in outlying suburbs. There *are supposed to be more than* 200 indoor courts in Stockholm alone.

ROME

Jennifer Grego

ROME HAS possibly the largest number of tennis courts of any comparable European city, and yet many are inaccessible *to* the *average* visitor, being either extremely exclusive or far from the centre. If you are a woman, it will be even harder to get in.

The snobbiest of all the Roman clubs, the *Circolo* Aniene (named after the sluggish river which joins the Tiber on the northern edge of Rome) will not allow women in at all, relegating them to the nearby Circolo Roma. The Circolo Aniene is very formal. Jackets and ties are obligatory in the bar in the evening and *would-be members must* wait three years to join. So this is strictly invitation-only.

A club of similar standing is the Circolo Canotiere Roma, on the River Tiber, towards the north of the city, which started *life in 1919 as a rowing club* (in common with several in this area). It offers the visitor a short term season ticket (15 days), but only at the invitation of a member. The club is coy about fees but they cannot be very different from those at the Tennis Club Parioli (on the Via Salaria in north-east Rome) with 21 *courts,* swimming pool, gym and restaurant all for an entrance fee of around £2,500 plus an addi*tional* bi-monthly fee of £120.

There are not many clubs where you can be sure of get*ting a game.* Probably the best bet for a visitor staying in the city-centre would be the Circolo Ginnastico de Roma, tucked under the Aurelian walls just behind the Via Veneto. "Fine if you can take the gas fumes there," says an American journalist who plays there. But it is pleasant, boasts a mixed membership of politicians, American diplomats, journalists and actors.

Still within easy reach of the centre *is the Circolo* della Stampa where for a mere £10 (and a passport) any one can play for as long as they like. One of the eight owners, Mario Materassi, all of whom are journalists — claims he can teach anyone to play tennis *in less* than a week.

Anyone with good contacts in the Roman Parliament or the Foreign Ministry might twist someone's arm for an invitation to play at the delightful Circolo di Montecitorio (where doddering old deputies slumber in the shade) or the Foreign Ministry's *pleasant sports* centre at Monte Rotondo.

BRUSSELS

Tim Dickson

TENNIS IN Brussels helps oil the wheels of the community's vast *political* and diplomatic machine. The game, after all, is appropriately international, quintessentially middle-class, and can be combined with the sort of club life ideal for making contacts and advancing a promising career. No young upwardly mobile Eurocrat or diplomat with even a half decent serve should ignore the possibilities of pursuing the sport.

The French, Italians and British *appear to be the most* enthusiastic of those attached to one or other of the EC institutions or Nato but with a few exceptions clubs are obviously dominated by the Belgians. The game now arguably rivals cycling and football as a local passion with 25,000 players, at least, registered with clubs in the Brussels area.

Like *most* spheres of sporting, social and cultural activity in this linguistically divided country, tennis is organised by separate Francophone and Flemish-speaking federations.

The smartest club is probably Chateau Ste Anne, complete with swimming pool, creche and regular social activities. You need two members (or your ambassador) as sponsors though apparently journalists and diplomats do not have to pay the *hefty* annual subscription. There are reciprocal arrangements with the RAC and Sloane clubs in London and with numerous US clubs.

The Castle Club is less exclusive and a couple can have access to all facilities (including squash and swimming pool) *for* about BFr 10,000. Courts cost between BFr 200 and BFr 260 on top of this while visitors (who do not have to be with a member) are charged an extra BFr 100.

The Brussels Lawn Tennis Club (off the Chausse de Waterloo) is an attractive and well maintained club. The adult membership is currently BFr 17,130 which includes the cost of courts in the summer but not in winter (when the supplement is between BFr 400 and BFr 620 an hour).

Primerose charges BFr 7,000 per annum for *adults* and requires at least one reference from a "respectable" person.

Orkney's northern highlights

ANNALENA McAFEE visits the 11th St Magnus Festival in Orkney and finds the islands' arts flourishing and their traditions—both Celtic and Norse—very much alive

FORGET Stonehenge. The crowds struggling to reach the ancient monument in Wiltshire in time for the summer solstice would have been better advised to head several hundred miles north.

Ringed by the sea, the horizon limned by a band *of unfading* gold light, the Orkney Islands would have offered the latter-day Druid, hippy or curiosity-seeker a choice of prehistoric stone rings in which to enact his personal rites in solitude, *untrammelled by barbed wire* and unmarred by Portaloos and on-site refreshment stalls. Thankfully, the word has not got out.

Celebrations at the prehistoric Ring of Brodgar on the *longest day were confined this* year to a handful of revellers taking time out from the 11th St Magnus arts festival, and the only ritual enacted was the sharing of a bottle of 12-year-old malt whisky. The festival this *year marked several eras in the* rich history of Orkney, which bristles with relics of its early Celtic, Pictish and Norse ancestors.

The magnificent red sandstone St Magnus Cathedral in *Kirkwall* was founded 850 years ago to commemmorate the bloody death of the pacifist Nordic earl. The stern grandeur of the cathedral's interior served as an impressive setting for several concerts and recitals.

Highlights included a performance by the Festival Chorus and local school choirs with the BBC Scottish Symphony Orchestra in a programme which included Faure's Requiem and First Ferry to Hoy by Orkney resident Peter Maxwell Davies, who stepped down last year as the festival's artistic director but remains its active honorary president.

Maxwell Davies' opera The Martyrdom of St Magnus, written for the first festival 11 *years ago* and based on the novel by Orcadian writer George Mackay Brown, also was performed in the cathedral with a cast including three singers from the original production—Mary Thomas, Neil Mackie and Brian Rayner Cook. The local composer's Orkney Wedding with Sunrise, and his jokey Suite from The *Boyfriend,* featured in a pop concert by the BBCSSO in an eclectic programme which included John Williams' theme for the film Star Wars and songs from Porgy and Bess, performed by Laverne Williams *and Bruce* Hubbard.

The Academy Hall in the dour little port of Stromness was the venue for a piano recital by Vladimir Ashkenazy which included Schubert's *Wanderer Fantasy. The hall's* impeccable Steinway was donated by a local oil company. Orkney's Scottish musical traditions were represented by the local Strathspey and Reel Societies and its Nordic *influences by the Stord Choir of* western Norway.

The island's strong literary traditions were aknowledged with a tribute to Orcadian poet Edwin Muir and a new one-man play based on the *life* of the poet by George Mackay Brown. But non-Orcadians were not excluded: Iain Crichton Smith, who comes from Lewis in the Western Isles and writes in both Gaelic and English, gave a *delightful* poetry reading which was as witty as it was moving.

The visual arts were covered by the Pier Gallery in Stromness with an exhibition to mark the centenary of Orcadian artist Stanley Cursiter. The gallery, a former Hudson Bay recruiting station, contains a *superb permanent collection* including work by the St Ives group.

Many visitors are curious to find such a seminal collection in a small far-northerly island village. Yet the work, donated by Margaret Gardiner, emanated from a landscape not dissimilar to that of Orkney: a fishing community in an almost treeless landscape filled with relics of Bronze Age and Stone Age settlements. The gallery, light yet intimate, with windows offering glimpses of shimmering seascapes, is a perfect setting for this expansive work. Highlights include Barbara Hepworth's 1943 *Oval Sculpture,* a white chambered form in a clean wooden shell, and Ben Nicholson's exuberant Fireworks (1929).

Carved figure of St Rognvald from St Magnus Cathedral, Kirkwall

The gallery's curator, Erlend Brown, is a painter himself and his pictures, particularly those of boats, on show in Stromness library, have echoes of the same candour and melancholy that marks some of the work of St Ives artist Alfred Wallis.

Cursiter, who was later appointed the Queen's Limner *in Scotland,* produced strong commissioned portraits reminiscent of Sargent but was never happier than when painting landscapes in the dramatic scenery of his native islands.

*The festival also saw the open*ing of the exhibition of work by sculptor Frances Pelly, who has been artist-in-residence at *the Highland Park Distillery in* Kirkwall for the past three months. She used only available materials from the distillery and the beach—wooden staves, pebbles, copper and barley—to produce strong, elemental work *which seemed almost to grow* out of the floor of the old malting barn in which her exhibition was housed.

Tankerness Museum in Kirkwall launched an exhibition prepared by the University of Bergen which analysed Orkney's Norse connection. The university had recently conducted *archaeological surveys* and excavations which revealed a Viking farm with a noust (boat house) and cemetery close to the shore at Westness, on Rousay. Many grave-gifts uncovered included brooches, ornamental pins, weaving battens and bowls.

The Nordic connection was suspended when officially the Norsemen "lent" the group of islands to Scotland for a sack of gold. But the link continues. Today, it is cheaper to fly to Norway from Kirkwall than it is to fly to most parts of Britain.

Maes Howe, a chambered prehistoric tomb like a giant beehive, was broken into by several *parties of Norsemen* in the mid-twelfth century. They left their mark, as countless young men with time on their hands have done since, in graffiti. An elaborately carved dragon, a serpent and a walrus are carved *alongside runic inscriptions* alluding to hidden treasure and, more timelessly, the boast "*Ingeborg is the most beautiful.*"

This year, the festival was preceded by a visit from a group of Scandinavian adventurers who returned with a sack of gold coins to reclaim the Orkneys. The gold—*tinfoil* coins containing chewing gum—were distributed among children and the Orcadians surrendered without a fight.

Lucia van der Post

HOW TO SPEND IT

Today's garden designers can bring a city plot to full bloom in a few days

Instant glory in the garden

ONCE UPON a time, you needed expansive rural acres before you dared approach one of the grand breed of landscape gardeners. Today, a whole new band of urban gardeners has sprung into existence, eager and ready to turn its skills and attention to any metropolitan plot, no matter how mean and unpromising it might look.

Many of these new young men (for they seem mostly to be men) would once have been embarking on more conventional careers in law, the City or the army. Now, they prefer the more precarious lonely road of the small entrepreneur.

Where many of their sisters have turned to cooking directors' lunches or starting small catering businesses of their own, their brothers have turned to the rougher stuff, building and landscaping, digging and planting.

City people are, on the whole, people in a hurry. They are not into delayed gratification. Having hit upon the notion of a garden, they want it there and then. In their minds' eye they see the wreck the builders left newly awash with climbing roses and clematis and verdant with shrubs.

The small business garden company—always providing you can find one that has the right gap in its schedule—is there to make the dream come true. The god ones realise that the consolation of a garden is becoming increasingly essential for city-dwellers who cannot escape to rural or surburban peace and quiet. Some quiet, magic and infinitely therapeutic space must be conjured up out of those wretched little plots the spec builders of the day left behind.

The notion of an almost-instant garden would once have been a contradiction in terms — gardens were all about love, care and infinite patience. Today, modern horticultural techniques mean that the impatient gardener can buy a clematis, a honeysuckle or a climbing rose in the full flush of mature growth — and buy it attached to its own trellis, what's more.

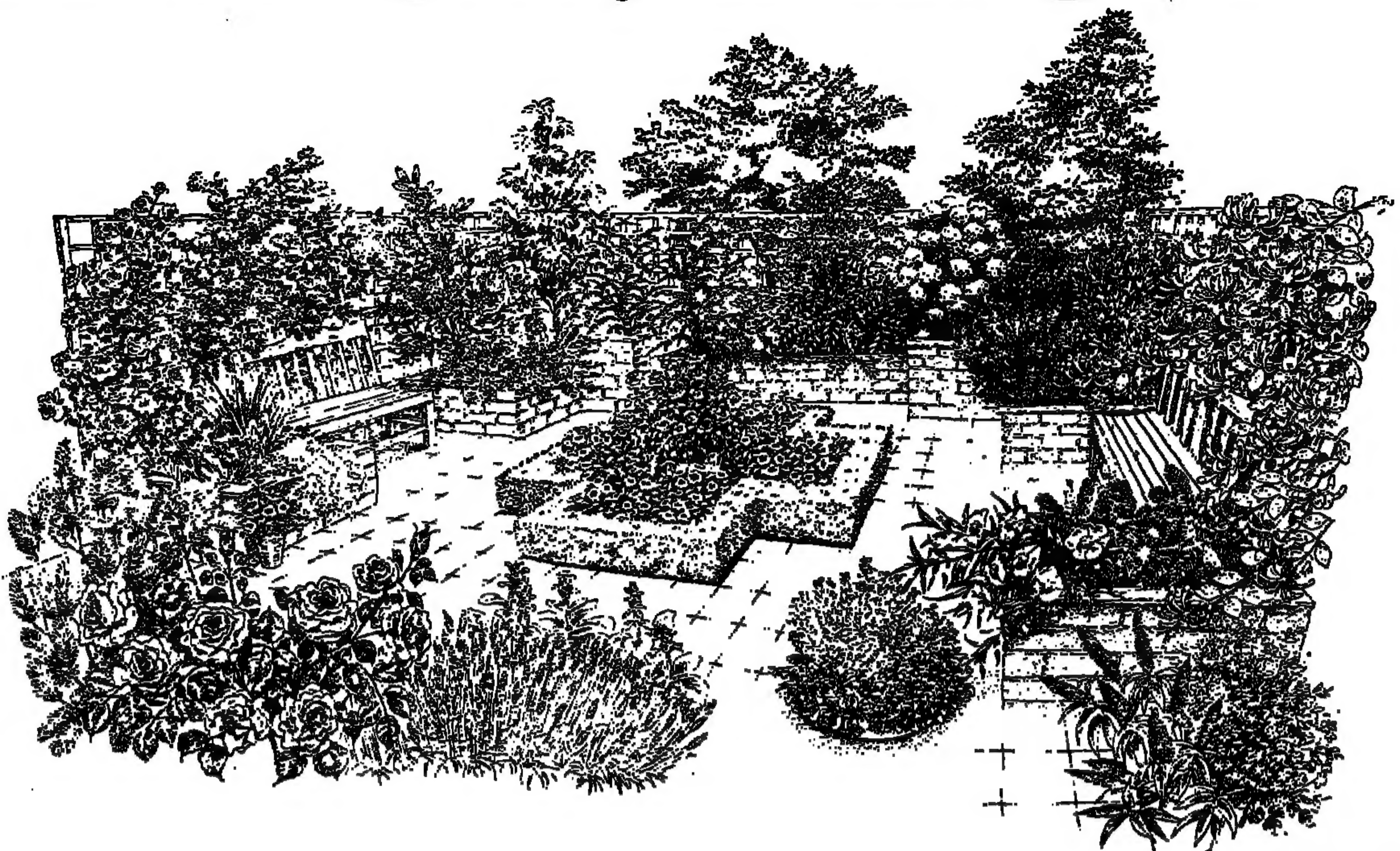
Container growing has also meant that well-established shrubs can be transplanted in full bloom to provide instant ground cover. Growing plants and flowers in containers means you can have a variety of different soil types in a small, confined space and so increase your choice of plants.

All this means that if today you decide you want a garden, tomorrow you can (if the company you choose is not overwhelmed with bookings) have it—if not tomorrow, then almost certainly in a fortnight.

The average London or inner city garden is usually one of two standard shapes — either a longish narrow strip, separated from its neighbours by a wall or fence, or else a small square, rather like a backyard. The common problems are usually restricted light, poor soil and the dreadful English weather. But do not despair—if you, too, have a box or an oblong laid waste, either by builders or years of neglect, something can be done—and fast.

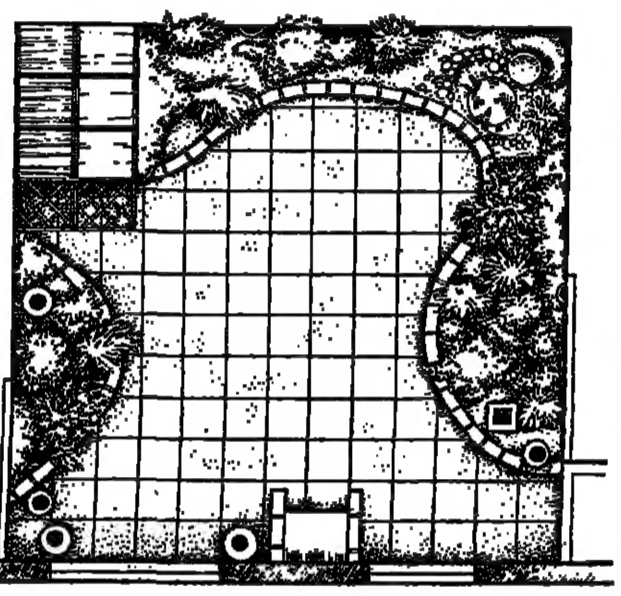
Remember, though, that if speed and burgeoning plants are your object, you will have to be prepared to pay for it—container-grown advanced plants cost more than seedlings, expert advice more than do-it-yourself.

Here, then, are some ideas to inspire and some companies that will take on the challenge.



James Ferguson

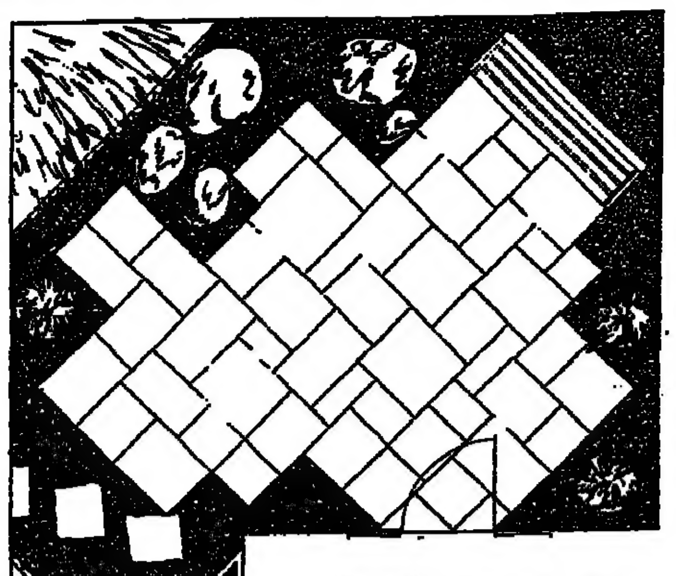
Above: Garden Construction used beds of varying heights to create a bower-like effect in a standard 20 ft x 20 ft plot

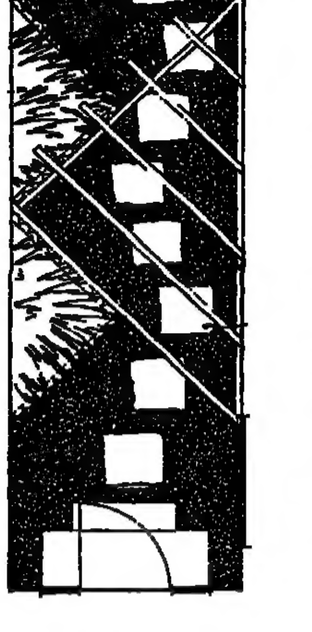


Above: This time Garden Construction used curving beds in the 20 ft x 20 ft space

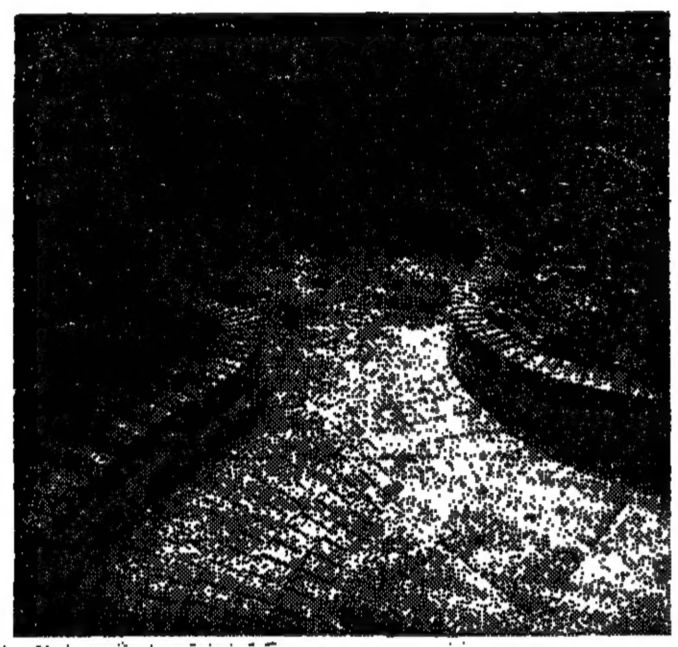
Alan Harper

Above: Keyes Brothers turned a dingy Highbury plot into this verdant little garden





SKETCHED left and photographed below are just two schemes devised by Simon Gudgeon of The Flowerpot Men to show what can be done with a standard tiny London plot, measuring just 25ft long by 16ft wide. Left is a scheme with an Oriental air, all calm paving, loose gravel, geometric shapes set off-centre, and raised beds filled with Eastern-looking plants like Japanese maples and bamboos. Below, the same box-like shape has been treated quite differently—this time, two interlocking circles soften and add interest to a potentially boring box. Note the interesting way the bricks (London stocks) have been laid. The Flowerpot Men of 62 Muncaster Road, London SW11 (Tel: 01-350 2934) will do anything from planting out a windowbox to a full-scale landscaping job.



● **Garden Construction Company, 1 Cambridge Road, London, SW11. Tel: 01-228 8808.**

Garden Construction will do anything and everything from planting out a window box to full-scale landscaping. Pamela and Tommy Walden, who live in Parson's Green, West London, already had a reasonably well-landscaped garden but what *they* wanted was instant, trouble-free plants.

They say: "The real reason we got into instant gardening was that we had spent the previous winter reading encyclopaedias of plants and had become totally confused about what went where, when, and with what. Then, there was the long, cold spring and it was clear we hadn't left ourselves with enough weekends to do the job properly. So, we summoned Garden Construction. What would we like? 'Fill her up' seemed the only honest answer.

"We discussed colours and plants—no dahlias, thank you—and the idea of several climbers. The garden is about 40 ft long and 15 ft wide, walled, lying east to west, and the south-facing part gets the sun all year. A hazel bush, peach tree and vine grow on the north side. Shade, therefore, had to be thought about.

"When we got the estimate—over £250—we sat down hard. But it was firmly pointed out that things like hardy fuchsias, masses of begonias and busy lizzies, other plants and shrubs do not come for pennies. Which is true. And a siren voice said: 'Think of all the work you won't be doing.'

"We fixed a date—in mid-May. Garden Construction arrived. We went to work and came home that night to an elegant garden filled with flowering plants. At first it seemed a bit like cheating, but we've got over that. The garden went on looking lovely right through to the end of November, so it wasn't the extravagance we had first thought. The heck with cheating—we've done it again this year."

Garden Construction will also put back into order plots that have simply got out of hand. It will prune, weed and generally rescue what might seem like *a desperate situation.*

Garden Construction has also recently done some interesting work on a series of standard 20ft by 20ft plots at the back of a new development of Wates houses just south of the Thames in London. The problem was to project personality and charm into what were, by their very nature, very small identical parcels of land. All the plots had 6ft-high fencing, were all small enclosed spaces, and had no view.

The top sketch shows one solution. Here, Michael Runge decided to build beds of varying heights to lend interest to the space. There is a box hedge in the middle which is just a foot in height; then there are beds of 18in and of 2ft.

The beds of varying heights are grouped round two high-backed teak benches made specially by Lister Brothers. The beds and their plants create an *arbour-like effect round the* benches, giving the whole garden an air of almost secret magic.

To soften the very hard environment of a new building, Runge chose soft colours for the mature container-grown plants — silvers, greens and climbing roses and honeysuckles.

On the ground, he used a 9 in by 9 in heather quarry tile (in general, a small brick or tile looks nicer than large ones in a small space), while for the beds he used a Severn Valley brick with a bluish tinge to contrast with the brownish bricks of the building.

Sketched below is another scheme for an identical plot. This time, the client asked specifically for curves; here, they are set off-centre, a skilful way of breaking up the box-like effect. The client also wanted her plot to be developed more as a social place with space for barbecues, so there is less space given over to growing plants. For reasons of economy, a larger paving slab was used on the ground. Around the fences grow old-fashioned climbing roses like Rosa Mundi and Rosa Albertine.

● **Keyes Brothers Landscape, Unit 20, The Metropolitan, Enfield Road, London, N1. Tel. 01-609 5894.**

Johnny Keyes finds that most of his customers have what he calls a "caprice to have a garden and they want it last week." He and his team (Susanne Blair and Stephen Palmer) are adept at making them fast. "In two weeks we can turn a wreck into a garden. We've developed ways of minimising the amount of materials that have to be carried through the house and of reducing the mess, largely by using motorway building techniques. We usually landscape using split Yorkstone and London stocks. Then we add trellising and lots of mature container-grown shrubs which will go on for years and years without needing much care. Most Londoners aren't gardeners and they want trouble-free gardens."

In the garden photographed above, which Johnny Keyes made for a house in Highbury, there was originally just a muddy clay patch much used by large labrador.

He and Susanne Blair had to work with what was there. They used the slope to make two circular terraces, one higher than the other. This broke up the box-like effect and created a harmonious garden. They linked the existing colours in the engineering bricks in the patio area and the quarry tiles by the conservatory by using brindle clay paviours. They cleaned up the wall, added trellising and then filled the garden with mature shrubs.

Many of the Keyes Brothers' gardens need very little maintenance but they do offer a maintenance service for those who somehow can never get around to doing it themselves.

● **Fulham Palace Gardening Centre, Bishop's Avenue, Fulham, London, SW6. Tel. 01-736 2640.**

Owned by The Fairbridge Society, a charity concerned with job creation projects, this is possibly *the* centre, *par excellence*, to buy a garden off-the-shelf. It has a flourishing landscaping section and will make you a garden from scratch in something like a fortnight—but if the basic structure isn't too bad and you just want lots of lovely colour you can find a vast selection of flowering ready-planted barrels, window-boxes and pots of all sorts.

Gardening

Bouquets fit for a bicentenary

TONIGHT *between the hours of* 11 and midnight historians, lovers of the English language, *classical scholars and everyone* of sturdy republican sentiment have a vital occasion to commemorate. 200 years have passed since June 27 1787 when Edward Gibbon concluded his History of The Decline and Fall of the Roman Empire — the "most majestic work of history ever written."

At this safe distance there may be Christian churchmen who join in the tribute, forgiving the famous ironies of chapters 15 and 16, and the high respect for freedom and reason, which did so much to offend their predecessors. Somewhere, perhaps even St Augustine may be smiling, the man "whose learning is too often borrowed, his arguments too often his own."

There is a way in which gardeners, too, can mark the bicentenary. First I must remind you of the setting:

> "It was on the day or rather the night of June 27, between the hours of 11 and 12, that I wrote the last lines of the last page in a summerhouse in my garden. The air was temperate, the sky was serene, the silver orb of the moon was reflected from the waters and all nature was silent. I will not dissemble the first emotion of joy on the recovery of my freedom, and perhaps the establishment of my fame. But my pride was soon humbled . . . . I had taken everlasting leave of an old and agreeable companion and whatsoever might be the future date of my history the life of the historian must be short and precarious."

Regretting the loss of his companion, Gibbon walked by the soft light of the moon and took "several turns in a Berceau or covered walk of acacias" in his garden which overlooked the lake at Lausanne in Switzerland. The trees must have been pseudo-acacias, not the half-hardy acacias which were found much later in Australia and are commonly known as mimosa.

In nature, the pseudo-acacia is not to be found in Europe. It reached us from America where the first varieties were collected in the early 17th century. Seeds were sent to Paris, where they were raised by King Henry IV's great apothecary, Jean Robin, who kept the gardens of the Louvre. The tree took the name of *Robinia* from its first seed raiser. (Trees with a French connection made an apt avenue for Gibbon—the historian who owed such a debt to French thought and style.

In Switzerland still you can see some good runs of *Robinia*, but they are sometimes grown with a touch of "folly" which Gibbon, I think, would have eschewed. Like the maimed plane trees of Geneva, Robinias in French-speaking countries lend themselves too readily to pruning. I have seen little avenues of them, shaped into small rounded heads of leaf, kept bare down their trunks down to a second ruff of greenery, like the trace clipping of some fancy poodle.

French gardeners even drive nails into the trunks of their clipped acacies, causing the trees to sprout little circles of feathery leaves at carefully-planned intervals. In England we shape evergreen box and yew, but the art of training the brittle Robinia has not crossed the Channel.

We know for certain that Gibbon's avenue would not have been yellow-leaved. The bright Golden Acacia is extremely popular nowadays, but it only appeared by chance in a Dutch nursery in the 1930s, and I do not think it is the proper memorial to the historian. The mop-headed acacia would be more appropriate, especially *Robinia Pseudo acacia inermis* which lacks the common variety's thorns. It develops the rounded crown of leaves which is such a distinctive source of shade in warm southern streets in France.

I am not so sure about the weeping form called *Rozynskyana* whose "harsh and obscure apellation" *suggests an* origin in the "extensive deserts of Tartary" evoked in my favourite chaper of Gibbon, number 26. *Robinia Hispida* would be preferable, a pink-flowered tree with bristly stems and short pearl strings of flower. (I doubt if Gibbon grew it — unless he was in the very forefront of fashion —because the tree was only discovered in 1722 and always prefers a sunny wall.)

Since April I have been watching two newly-bought trees of *Robinia Hillieri*, whose roots had been badly severed during lifting. This tree is the most elegant of the pink-flowered varieties; the colour verges on lilac and the young leaves have a charming hint of grey. Eventually it reaches about 20 ft and is never too wide. The flowers give off a slight scent—and linger on until June 27, to make a fitting bouquet for the historian. The variety was named and selected at Hillier's nursery, in Hampshire where Gibbon served in the Militia army.

Robinia Hillieri can be trained to a pleasant avenue or bent over so that the upper *branches of two trees meet and* form a charming arch. The only circumstance which all robinias dislike is a fierce, buffeting wind. It breaks the branches and twists the trunk, so you must be sure that the trees, though hardy, are not exposed. In his Lausanne garden, Gibbon himself would shelter in a summer-house—which tourists have long since taken to pieces and removed. None the less the garden, to judge from its acacia avenue, must have been sheltered from the worst of north east gales, a fitting site for the ending of the History which has survived for 200 years the winds of intellectual change.

Robin Lane Fox

Justin Wintle looks at two fresh accounts of the horrors of Khmer Rouge rule

Cambodia survives

WHEN THE WAR WAS OVER
by Elizabeth Becker. Simon & Schuster, £16.95. 502 pages

STAY ALIVE, MY SON
by Pin Yathay, with John Man. Bloomsbury, £13.95. 240 pages

THE OUTLINE of the recent and tragic history of Cambodia is begining to be familiar to us all. On April 17, 1975, 13 days before the Communist forces of Vietnam took Saigon, the Khmer Rouge, clad in black pyjamas and Ho Chi Minh sandals, marched into Phnom Penh. Their first task was to empty the city. Within days the entire population was evacuated to the countryside, to await resettlement in rural co-operatives, i.e., rice-growing labour camps. The only exceptions were the highest-ranking officials and military of the ousted Lon Nol regime. In Elizabeth Becker's words, "the very top people were . . . beheaded on the tennis courts."

These executions, scarcely the first carried out by the Khmer Rouge, were followed by any number of witch-hunts and pogroms. The new government, a communist praesidium made up of a handful of veteran guerrillas under the leadership of Pol Pot, had no shortage of "enemies." All imperialists, all feudalists and all capitalists—the three reactionary "mountains" of pre-revolutionary Kampuchea—were weeded out and slaughtered, regardless of the Khmer Rouge's own "re-education programme."

But the purges went much further than that. From the beginning mere association was deemed sufficient ground for reprisals to be taken. Whole families were victimised on account of the record of only one of their members. Entire ethnic groupings were also at heightened risk. First the Chinese, then the Vietnamese, were singled out for persecution. Finally the Khmer Rouge themselves bore the brunt of their own vindictive paranoia. If the régime was failing, then that, according to Pol Pot's logic, could only be because the revolutionary cadre contained rotten elements.

One by one the zones into which Cambodia had been crudely divided after April 1975 were "purified." "Those who are not for us are against us" became "and some of those who are for us are against us as well." Not surprisingly, when Vietnam, after more than a year of provocation, launched an invasion at the end of 1978, it took less than four weeks to reach the capital. Morale had utterly collapsed, and Cambodia's historic enemy was greeted, initially at least, as the country's saviour.

Since then something like a complete picture of the atrocities perpetrated by the Khmer Rouge has emerged. The society depicted is one in which every kind of humanising activity was excluded. Shops, markets, restaurants and schools disappeared overnight. Money was abolished. Reading, writing and religion were all outlawed. "Justice" was no longer administered by courts and tribunals, but by the three-man ruling committees who ran the co-operatives.

There was no system of appeal, although special cases might be sent to Tuol Sleng, the house of torture set up by Pol Pot and his cronies in a former school-building in Phnom Penh. There the head-butcher, Duch, ruthlessly extracted bogus confessions from those he was about to murder.

The majority of Cambodians however were spared Tuol Sleng. They found death in other ways. Many of them were taken to the local "killing fields," and many more died of malnutrition, disease and naked despair. Nor was there any kind of remission. Hospitals were hospitals only in name. The medicines they dispensed were often fatal. Nor could one look to one's family for succour. The family was just another reactionary institution the Khmer Rouge did what they could to smash. Some children were led away to child labour camps; others remained behind to denounce their parents, of all practices introduced by the Khmer Rouge the most pernicious.

Stay Alive, My Son, by Pin Yathay, an escapee to Thailand, is an eloquent and alarming testimony of what life was like under this satanic system, though it suffers from not being the first such testimony to be published in this country. Last year we were given Cambodian Witness by Someth May, which will probably remain the masterpiece — if masterpiece can be the right word—of Indo-chinese refugee literature. What is astonishing though is the close convergence of the two books. Blow by blow May and Yathay describe the same events, at times with the same voice.

However, for an understanding of the Khmer Rouge system, how it came about and what its alleged purposes were, any preferential recommendation must go to Elizabeth Becker's monumentally impressive When The War Was Over. Becker does not simply describe the horror, she extrapolates it piece by piece from the full sweep of South-East Asian history. A forceful, Arendtian analysis combines with a first-hand knowledge of events—Becker reported the Cambodian war for the Washington Post—to demonstrate that the bloodbath was dictated not just by depraved leaders seeking revenge on real and imagined enemies, but by successive admixtures of intolerant ideologies and a xenophobic nationalism dating back to the medieval Angkor kingdom.

Becker's primary aim is to avoid condemning any one individual or government. All the players involved contributed to the holocaust; the French, the Americans, the Vietnamese, the Russians, the Chinese, the Cambodians themselves. If the buck stops with Pol Pot, then it passed previously through the hands of Prince Sihanouk and Lon Nol. As for the Khmer Rouge, Becker invites us to consider the 10 years they spent in the maquis, and their own experience of forsaken pledges. If we accuse them, we must also accuse the intricate web of international power politics, equally devoid of humanitarian principle and, if you like, the system behind the system.

When The War Was Over projects an eclectic explanation which probably will not find favour in every quarter, but in a pluralistic busybody world such as ours it must at least come near the truth. Ms Becker I suspect, writes history as history should be written.

Woman at work in the ricefields — one of the photographs in "When the War Was Over"

Anthony Curtis on a formidable woman who become a legend in her lifetime

Virginia's friend . . .

THE MEMOIRS OF ETHEL SMYTH
abridged and introduced by Ronald Crichton, Viking. £14.95. 392 pages

ON ONE of those many occasions when Virginia Woolf was laid low by imminent nervous collapse, her great friend Ethel Smyth paid her a visit. Ethel had her own view of the cause of Mrs Woolf's illness which Virginia confided (June 2, 1931) to her Diary:

> All my ills, such as they are, spring from the liver: I am a very strong woman, who needs calomel. After swallowing this terrific insult to the celebrated sensibility of my nervous system, I try to find out what motive lies behind Ethel and her calomel. I think (but then I am not a psychologist) that she wants me to be everlasting: that she wants me to be unhurt by any amount of talk about the Prison [a cantata, one of Ethel's compositions]: that she wants to have things—to her own will: that she dislikes other people's illnesses which interfere with her vitality; that she likes to rationalise everything: that she suspects, on principle, all shrinking, subtlety and sensibility.

This, as usual, is penetrating, even if it is not entirely fair. Ronald Crichton has shown in the article on the opposite page that if subtlety was often lacking in Ethel's musical output robust confidence was not.

Moreover, the reader of the deft abridgment he has made of her voluminous autobiographical writings is continually pulled up by her subtle insights into the characters of her friends and her dogs. She grew up as a kind of precursor of Miss Joan Hunter Dunn who never lost her passion for the open-air life and sport, though it was golf rather than tennis that was her great game. She lived through the period of transition from Victorian to Edwardian England. It was a time of extreme formality in social life. As the daughter of a retired General, and one daughter among many, Ethel conformed to the conventions while not allowing them to hamper her style or stifle her musical vocation which she discovered at an early age.

The description she gives of her great battle with her father to go to Leipzig on her own to study music is awesome. Once there life was, if anything, even more rigidly controlled by rules and conventions. To begin with she was fortunate in becoming accepted into the bosom of the family of a man, Heinrich von Herzogenberg who became her music teacher and to form a great attachment to his wife Lisl, which Ethel imagined would be permanent.

It was not, however. In a passage Henry James would, surely, not have been ashamed to have written, Ethel describes how one false move led to her being cast by them into outer darkness. Her difficulties then, in finding lodgings as a single girl and later in breaking through the male chauvinist sound barrier of the German musical world to get her work publicly performed, challenged all her will and fortitude before they were eventually overcome.

Whatever her ultimate standing as a composer, she had a very real talent for friendship, of that there can be no doubt. Her relations with Harry Brewster, whose lover she did finally become, and with the very grand Lady Ponsonby and the Empress Eugenie cover many pages.

Unfortunately, there is next to nothing here about her two most celebrated literary friends, Edith Somerville (of the Irish RM partnership) and Virginia Woolf. Ethel who lived to 86 was over 70 when she met Virginia and by then had become the deaf, ear-trumpet brandishing Amazon of popular legend.

In spite of her tiresome side she inspired deep affection in Virginia: the relations between them were sustained until the novelist took her own life. Hitherto the modern reader has tended to see Ethel only through Virginia's eyes, through many passages in the Letters and the Diary. Now thanks to Crichton's volume we can again see Ethel through her own.

Ronald Crichton on Ethel Smyth as a musician—page xvii

To the Principality

TRUST THE PEOPLE: THE SELECTED ESSAYS AND SPEECHES OF PETER WALKER.
Collins, £12.95. 206 pages

MRS THATCHER was right to keep Peter Walker in her Cabinet; a more puzzling question is why he chose to stay. He has seemed, after all, to be going down the hill all the way since the days when he was Secretary of State for the Environment, then Trade and Industry, under Edward Heath, to Agriculture, Energy and now Wales under the present Prime Minister. As a Welsh wit has it, he has been banished to Llanchuria.

My own half-serious thought was that he would become Ambassador to Moscow, where there is a precedent for a political appointment in Stafford Cripps, and a post for which he would have been well-suited. See, for example, his essay on Gorbachev and the Soviet Union in this book. Walker has a good understanding of the Soviet technocracy and also of the areas where there could be much closer Anglo-Soviet co-operation: for instance, energy policy. Still, Wales it is.

The Welsh will be very silly to turn their backs on him because he does not speak Welsh. For what they have got is a big man, who has as much experience as anyone of the way British Government works, who acts on the grand scale and who will do his utmost to turn the Principality into a show-piece. It is in his interests to do so.

Walker is a one-nation Conservative. Nothing unusual in that, perhaps, except for the absolute consistency with which he has always made his case. He could never have been anything but a Conservative. A formative period was his experience as a national serviceman when he first came across the divisions in British society: "The low standard of literacy, but the high standard of intelligence" in the ranks, as he writes. For him it was always to be a question of levelling up rather than levelling down.

His admiration for Macmillan and Macleod, also for the Kennedy brothers, is well known. Whenever there is a memorial lecture to be given for any one of them, Walker will have given it. Individually they sometimes read like well-intentioned clichés. Cumulatively, however, they carry considerable conviction. He is, in his way, a man with a mission.

What may be more surprising is the number of times even Mrs Thatcher has come to acknowledge that he has been right in the end. Walker was among the few Conservative politicians in the early 1970s to stress the need to deal with the problems of race relations before they became out of hand. He was setting up study groups on the problems of the inner cities years before the subject became fashionable.

The only other comparable Conservative of note was Michael Heseltine, who to some extent grew up under Walker's wing. Both of them were calling for a property and share owning democracy before the term "privatisation" was invented. They have made their mark, even if they have been kept from the inner sanctums of power. The Prime Minister only seriously picked up the inner cities in the last few weeks.

So one can see why she keeps him. It would be dangerous to have both Heseltine and Walker loose on the back benches, especially when the two of them have a hold over the party in the country, and Walker continues to have a particular appeal to the party's youth.

Why does he stay? One answer must be a kind of loyalty, a willingness to serve that goes with his concept of one nation. The other is that he can fairly claim that some of his ideas have prevailed. He may not be the most popular figure in 10, Downing Street, but he has an influence. Besides, he is only 55.

Malcolm Rutherford

Capt Mike Hatcher (centre) examines a wheel dredged up from the ocean. It is one of many absorbing illustrations in The Nanking Cargo (Hamish Hamilton £12.95) written by Antony Thorncroft, from the experiences of Hatcher and his partner Max de Rham, in salvaging a cargo lost in the 18th century of Chinese porcelain and gold which made over £10m when it was auctioned

Fiction

Bacchanalian riot

SUMMIT
by D. M. Thomas. Gollancz, £9.95. 160 pages

THE GOLDEN BIRD
by Edwin Mullins. Collins, £10.95. 482 pages

BACCHANAL
by Amanda Hemingway. Hamish Hamilton, £10.95. 226 pages

THE LADIES OF MISSALONGHI
by Colleen McCullough. Hutchinson, £7.95. 132 pages

WHAT A boon Ronald Reagan has been these past few years, an incomparable gift to satirists on both sides of the Atlantic—the sort of President no writer would ever dare invent, for fear of the critics dancing on his grave and proclaiming triumphantly that such a character could never be even halfway credible, even in jest.

Credible or not though, Reagan exists and D. M. Thomas has seized his opportuunity with both hands. Tiger O'Reilly, the ex-film star President of his comic new novel Summit, is a splendid creation, an amiable knucklehead who laughs like a drain at the jokes in Readers' Digest and is the despair of his long suffering minders. The sort of President in fact who suspects an IUD of being an intercontinental missile system and is prepared to tell his opposite number so at a superpower conference in Geneva.

Grobichov (sic) for his part finds Tiger a hard man to read. Clearly he can't be as stupid as he pretends, so why is he seeking to unload 20 million American contraceptive coils onto the Eastern bloc? And why has he offered them California in return for a few miserable East German villages? The Russians can't make it out at all.

Wanda O'Reilly meanwhile is wondering how she will fare in the fashion stakes against Grobichov's mystery wife—either the old battleaxe at his side or the beautiful young blonde in his entourage, nobody is quite sure which. Either way, Wanda has got to win, for the whole business is a media event. It is in the ratings that the battle will ultimately be decided.

The joke is excellent as far as it goes. D. M. Thomas has not had to invent much, as Denis Healey would no doubt testify after being mistaken for the British ambassador on his last trip to the Oval office. Whether the central idea can be sustained for the length of the whole book is open to doubt perhaps, even in a world where truth is so much stranger than fiction, but it's a good deal easier to follow than some of the author's previous work, a fitting end to what has been mostly a very sober Russian Quartet.

Amanda Hemingway: witness to trauma

The Golden Bird, by art critic Edwin Mullins, takes us back to the politics of another era, 10th century Anjou at the time of Count Odo and Fulk the Black. It is centred around Rollo, a fair-haired Norman of Viking extraction, whose skills as a master-mason are much in demand for the building of castles and other defence works. His skills in other directions are in demand too, notably with a witch, an Arab slave girl, and sundry ladies of the court.

The formula is unpretentious—massacres, castrations, slave markets, lesbian nuns, naked prisoners in cages—but the story is lavishly written, full of period detail. Edwin Mullins has clearly warmed to his subject. There's a hint of padding—inevitable, in a market that insists on great length—but lots to enjoy too. It's a good read of the old-fashioned kind, adventure straight and simple.

Amanda Hemingway's Bacchanal is an offbeat study of a gifted young playwright adrift in London, a Cambridge-educated orphan whose life has been overshadowed by a traumatic incident in his childhood. At the age of 12 he was gang-raped by a trio of drunken rock stars, an episode which has left him understandably scarred, particularly since he has no idea of his attackers' identity, or even of what became of them.

In fact two are dead, victims of their own excesses, but the third is still alive, as is the only witness to the attack. Their paths cross, though none realise it until the playwright decides to confront his demons head-on. The denouement that follows is a logical one, yet there's a sense of unease about the book as a whole, a feeling that the author has not made the most of promising material. Part of the problem is her writing style, which is too cluttered for her purpose. She needs to clear the decks for action next time and tell the story in a smoother flowing sequence.

Colleen McCullough's novella The Ladies of Missalonghi charts the fortunes of three impoverished Australian ladies shortly before the First World War. Chief among them is Missy, a mouselike spinster in her thirties, the laughing-stock of her more glamorous cousins. Returning one day from a furtive trip to the library (her mother quite rightly forbids her to read romantic novels), Missy swoons in the street and is rescued by enigmatic newcomer John Smith. Is he the mysterious buyer of shares in her cousins' bottling plant? Is Missy going to marry him and live happily ever after? Are the cousins going to have to work in a shop? You will need to buy the book to find out.

Nicholas Best

CRIME

PLAIN SAILING
by Douglas Clark. Victor Gollancz, £8.35. 208 pages

DEADLY ARIA
by Paul Myers. Constable, £9.95. 272 pages

IN PLAIN Sailing Masters and his family, his colleague DCI Green and his wife take a holiday cottage in the north country. As you might expect, a murder occurs before the holiday has really begun. Since the victim is the son of friends, our detectives are more than willing to take over the investigation, which is carried out in the best Masters-Green tradition, quick and scientific and efficient. The death happened at sea, during a regatta, and we—along with the Masters team—learn a lot about sailing as a result. But the information is not otiose, and as Masters controls his sometimes annoying superiority, Green keeps his famous temper, and his tendency to idolise the boss, in welcome check.

Miracle! A book about opera, Deadly Aria, full of Italian and French and even Czech words, and not one of them misspelt! Moreover, the diva who figures prominently in the story is, though larger than life, totally credible. The actual story is about spies and moles, and you can guess the villain long before you are officially told his identity. But it's all in good fun fast-moving and intelligent.

William Weaver

Women who paid high price of liberty

WOMEN OF THE FRENCH REVOLUTION
by Linda Kelly. Hamish Hamilton, £12.95. 169 pages

THE POPULAR image of women in the French Revolution is, I suppose, that of the tricoteuses, of terrible crones jeering as they sat knitting round the base of the guillotine. Linda Kelly clearly demonstrates in this fascinating and moving account, that women from all sections of society, including some of aristocratic origin, supported the revolution in its successive phases, at least up until the final paroxysm of the Terror, and many showed considerable heroism. (Not less heroic, of course, were the women who followed their husbands, sons or lovers to the guillotine, or who were able at the last minute, at great risk to themselves, to spirit them away to safety.)

Some of the figures in this drama are already celebrated in wider contexts. There is Necker's daughter, Madame de Stael, indefatiguably pouring out political pamphlets and novels as she moved to and fro between Paris and exile in Switzerland. There is Josephine de Beauharnais, later to be Empress and Napoleon's one enduring love, but she was still married to Alexandre de Beauharnais when she was arrested in March 1794 and thrown into the prison of Les Carmes where, according to her cellmate, Delphine de Custine, she wept almost continuously. Two months earlier, she had courageously written to the Committee of Public Security, and in defence of her already threatened husband had tried to produce revolutionary credentials.

> . . . You may doubt the patriotism of the former nobility but it is possible that there may be ardent friends of Liberty and Equality among them. Alexandre has never deviated from these principles . . . My household is a republican household. Before the Revolution my children were not distinguishable from sans-culottes and I hope they will be worthy of the Republic. I write to you frankly as a sans-culotte. . . .

Her plea failed and Alexandre went to the scaffold, but it still makes fairly astonishing reading.

Then there are less well-known but scarcely less colourful figures. The beautiful Théroigne de Méricourt, in her red riding habit, with pistols and sabre, was in the forefront of the mob in the storming of the Tuileries, an ardent defender of women's rights, and a sympathiser of the Girondins; her downfall came with the triumph of Jacobins over Girondins, when she was set upon, stripped and flogged by a band of women outside the National Convention, and she ended her days in a lunatic asylum.

The demand for equality of status for women is a recurring theme throughout this vivid portrait gallery, but it provides little cause for rejoicing for latter-day feminists. In its initial stages, it is true, the revolution did usher in a whole range of equal rights for women. A few years later, the Napoleonic Code took almost all of them back.

Erik de Mauny

The real Scarlett

VIVIEN: THE LIFE OF VIVIEN LEIGH
by Alexander Walker. Weidenfeld and Nicolson, £12.95 342 pages

VIVIEN LEIGH was given beauty, fame, love and driving ambition. Her will-power was extraordinary. She might look as frail as gossamer but, when she wanted something, she drove irresistibly towards it. Her two most famous roles—Scarlett O'Hara and Blanche DuBois—were hers because she fought with cunning and determination to get them. She brought the same qualities to her love-life.

But the gods had mingled curses with their gifts—drink, drugs, tuberculosis and manic depression. She had spells of near-madness. Her demands on her lovers could be inordinate. Said Olivier, "You can't be more than one athlete at a time."

The life of the Oliviers as lovers and as man and wife was, heaven knows, stormy indeed. Curiously enough, though, the high moments in the domestic drama were played by those intensely emotional actors as throw-away lines. At the end of an uneventful lunch, Vivien said to Larry, "I don't love you any more," thus casually announcing that Peter Finch had become her lover.

In A Streetcar Named Desire, she found the part which turned her into a great actress and also, through its uncanny likeness to the realities of her own psychology, "tipped me into madness" as she said later on.

As her illness—or illnesses—grew worse, stimulated by her tempestuous life, so, as Alexander Walker shows in this excellent and at times touching biography, the "scenes" became wilder and noisier. The marriage became an "open marriage," that is, no marriage at all.

Vivien's last love was a more tranquil kind as Jack Merrivale imposed some order on her life. When she died, he called Olivier who was ill in St Thomas'. Olivier discharged himself from hospital and went by taxi to the flat in Eaton Square. "Jack led him to the bedroom, opened the door to admit him and then left him alone with Vivien." So the end had a certain dignity.

Let the lady herself sum up the story. Asked one day "If you had your life over again, would you want it any differently?" she answered: "No. I would want to be an actress and marry Larry. I would want everything again except the last few months."

But the price of glory had been high.

George Malcolm Thomson

Word wizardry

THE ENGLISH language, unlike the French, has no learned Academy to act as final arbiter of neologisms. Instead it has one or two works of reference like the OED to serve the same purpose.

The four supplementary volumes required to bring the great Oxford English Dictionary up-to-date were completed with the publication of the final volume last year. This year sees the publication of all four volumes in one as the Compact Supplement to the Oxford English Dictionary (Oxford University Press £75.00, 1,424 pages). The print is diamond-size, barely legible to the naked eye, but a reading-glass is thoughtfully provided in the slipcase that comes with the volume.

I looked up the egregious word "yuppie" and found the following:

> Colloq. (orig. US) the initial letters of young urban professional. A jocular term for a member of a socio-economic group comprising young professional people working in cities.

Fair enough.

The yuppies have also gate-crashed ("one who enters a sports-ground or a private-party, entertainment, reception etc without an invitation or ticket"), the new edition of that equally authoritative arbiter of English vocabulary, The Original Roget's Thesaurus of English words and phrases (Longman, standard edition £11.95, 1,254 pages). Brought up to date this time by Betty Kirkpatrick it also includes such horrors as creative accounting, insider trading, rate-capping, secondary-picketing, baby-boomers and bag-ladies.

Whatever the good Dr Roget, a Fellow of the Royal Society, who attempted to classify words as if they were flora and fauna would make of it, he would surely be gratified to see the lexicographical method he devised in 1852 at the age of 71 still in operation.

A.C.

Ronald Crichton reminisces on the life and work of Ethel Smyth

. . . musical Amazon

I SAW Ethel Smyth once, when she came on stage at the end of *The Wreckers* revival at Sadler's Wells in 1939 — the fourth and so far last fully professional London production. I remember *grey hair and suit*, a ramrod back, a battered, smiling face, arms folded with a large wreath slung across them. Without a trace of self-pity she told us how it felt to sit through one's opera without hearing it (she had been deaf for some time). From her written account it seems she was "by evil chance too ill just *then even to see*" what the "splendid cast" had achieved. If one had to be without one of the senses on that evening, sight was the one to forego. With Edith Coates, the *Wells heldentenor* John Wright and the chorus singing fit to burst there was plenty to hear. From the visual point of view opera at the Wells before the war was plain to the point of boldness.

One heard more of Ethel Smyth's music in the late '20s and '30s than now, and there were plenty of stories about her. I had read most of her books. They made a lasting impression. Although this was the time of her passion for Virginia Woolf, gossip about that was *not circulating, at least outside* Bloomsbury. One was told of the desire to escape she was said to inspire in eminent male musicians more accustomed to inspiring terror in others. Beecham was one, another was Sir Hugh Allen, the beetle-browed Professor of Music at Oxford and director of the Royal College of Music, the scourge of faltering female choral singers. His bark was worse than his bite, as Ethel realised after he had, most unwillingly, allowed her to con*duct a double bill of her operas* at the RCM.

The Wreckers made one greedy for more. The late cantata *The Prison*, with words by her beloved Henry Brewster, was mild by comparison. During the war, except when the news came of her death at the age of 86, she slipped out of sight. In the course of a ter*rible lot of gramophone lectures* given in the army years I don't believe I included any work of hers, not because I didn't want to but because records of her music rarely if ever turned up.

Much the same was true of eight years spent abroad after the war for the British Council. I cannot say for certain that Ethel Smyth's works were *absent from the Council's over*seas music libraries but they were not prominent. Her name, I discovered, was known to musicians in Western Europe. One doughty woman composer in Munich confessed to warm admiration for her forerunner. If I had realised then how near Bruno Walter had come to performing *The Wreckers* in *Munich (world war one inter*vened), I would have urged its claims. The moment, however, with whole new areas of 20th century music opening up to the West Germans, was hardly right for pushing a straightforward romantic opera which for all its vigour broke no new stylistic ground.

Working on the memoirs I came to realise how many others knew and valued Ethel Smyth's books, presumably—since they are out of print and hard to come by—jealously guarding their own copies. With the music, which has not gathered a fund of affection like the books, the position is if anything worse. So far as I know there is not a single work by Smyth in the commercial record catalogues. Opera com*panies or choral societies want*ing to perform one of the major works may hire material, but ordinary music lovers trying to buy vocal scores or sheet music will have a thin time.

I only know of one performance of a Smyth work on the South Bank during the past few years—the amiable double concerto for horn and violin, in 1975. The BBC broadcast the *Mass* in D and must be persuaded to do so again. *The Wreckers* has been given by opera groups at Hammersmith, Bradford and Warwick University. With all the respect in the world, this opera needs strong professional forces including at least two front-rank soloists (read Beecham on the subject in *A mingled chime*). *The Boatswain's Mate*, fair game for fringe groups though not foolproof, was recently given with success at Cambridge. Otherwise it is a case of a spattering of smaller works (some of them first performances) here and there.

One old reason for this neglect, that Ethel Smyth was a *woman, surely no longer applies* when Lutyens, Maconchy, Musgrave and others are honoured if not sufficiently played. In any case Shaw stood the question of sex on its head years ago. Writing in 1924 to thank her for "bullying" him to go and hear the Mass, he said: "You are totally and diametrically wrong in imagin*ing that you have suffered from* a prejudice against feminine music. . . When have the critics and the public ever objected to feminine music? Did they object to Arthur Sullivan, whose music was music in petticoats from the first bar to the last? Can you name a more ladylike composer than the beloved and much imitated Mendelssohn?"

Antiquated national considerations may have more to do with it. British music of the inter-war period is creeping out again from the shadow of Schoenberg, serialism, Stockhousen and other stimulating foreign invasions. Not a turgid tone-poem, flatulent concert overture or faded water-colour of *a song* but may hope for tenuous re-emergence. Ethel Smyth, though she did occasionally use a folksong, was not that kind of British composer. Neither was she the only one who trained in Germany, but while others were discreet about that, she trumpeted the fact, and so did her music. The sluggish musical establishment *that for years had regarded the* absence of Germanic counterpoint as the equivalent of going to church without a hat eventually enthroned pastoral meditation in its place.

Now the very virtues which in 1893, when royal pressure discreetly applied to the Royal Choral Society finally gained the Mass a single hearing in *the* Albert Hall, *should* have won Ethel Smyth a wider success, began to count against her. There have been shamingly few opportunities to discover that the counterpoint in the Mass (dinned into her by Herzogenberg at Leipzig), though it may look dry on the page, leaps off it in performance. Anglican circles may have been equally unresponsive to the clear, confident orchestration, the result of good advice from Chaikovsky, who like Ethel found Leipzig scoring impossibly drab. The Mass, sometimes awkward but *seldom dull, glows with an* energy and colour for which English music in the pre-*Gerontius* period was not generally remarkable.

Ethel, who claimed to write her books for Mr and Mrs Everybody, also aimed her music at the larger public. It was not difficult to listen to, but it was often difficult to sing and play, requiring an all-round professionalism more common then in Germany than in England. She did not have the other kind of professionalism *which enabled* Vaughan Williams, Holst and others to write good, easy-lying music for amateurs. Many have *suspected* that her passion for sport was a dangerous distraction. I believe it was rather the time and energy she gave to the job of getting her works performed, charging round Europe bullying opera-house officials (unfortunately this was necessary) that narrowed her musical horizons and prevented her from composing more large-scale works.

It is conceivable that echoes of her intransigence and tactless over-insistence on her claims still work against her. She was at ease with humble people and with exceptional personalities. *The great male love of her life*, Henry Brewster, was a gentle, cosmopolitan American with a fine mind and infinite patience. It took him a long time to tame her. The ex-Empress Eugénie, a friend and neighbour for many years, introduced Ethel to English and foreign royalty at a time when there were still small German Courts with their own *opera houses*—Ethel's description of Weimar and its Grand Duke, basking in the memory of Goethe and Liszt, is among her best pages. Mrs Benson, Lady Ponsonby and Emmeline Pankhurst were remarkable women by any standards. It was those in between the great and the humble, the dull majority (including, one must admit, large numbers of the musical profession), who jarred on her and whom she upset.

Ronald Storrs, on Lord Kitchener's staff in Cairo, who suggested a visit to Egypt to write *The Boatswain's Mate* in peace, noted in his memoirs *Orientations* "Some found her venturous, enquiring spirit too powerful a tonic. I could not and *still cannot have enough.* She seemed to bring her atmosphere of the hunting-field, Johannes Brahms, John Sargent and our friends in Paris with her every time she came into the house—and it was life."

Chess No. 677 (a) P=Q ch · P-N8=R (c) P-Q8=B (d) P-B8=N.

Ajax pinned in the Pentagon

"THEATER DER WELT 87" in Stuttgart is turning out to be the European theatre festival of the year. In its first week, we have had Robert Wilson's new version of Heiner Muller's *Quartett* (reviewed earlier this week), dance from Michael Clark and Mark Morris, the Colletivo di Parma's Buchner project, Grips Theatre's *Line 1*, the original underground (as in metro) musical, a brilliant new *Three Sisters* from Budapest and the European debut of Peter Sellars and his American National Theatre project recently based in the Kennedy Centre at Washington.

Regular readers of this page will be *familiar* with Sellars' reputation as lauded in the despatches of Andrew Porter. His coffee shop *Cosi fan tutte* was received with rapture and followed by a version, by the playwright Robert Auletti, of Sophocles' *Ajax* that has already entered my very short list of favourite contemporary Greek tragedy productions.

Howie Seago as Ajax

Slipshod anachronism is the refuge of small producing minds and you might consign Sellars to bad company on learning that he set *Ajax* by the service entrance of the Pentagon and portrays the hero as a psychologically battered Vietnam veteran who has been run to ground by a CIA-backed collaboration between Athena in *silver sheath dress* and a scheming Odysseus in naval uniform.

But a great play has been restored by the vital intelligence *of these manouevres*. Ajax has flipped at not being awarded a valour prize and has slaughtered a herd of cattle. He had set out to butcher his fellow Greek officers but is now a gibbering repentant wreck determined to take his own life. Half way through the play he does so, falling on Hector's sword. Menelaus and Agamemnon turn up to argue against Ajax's right to decent burial. Odysseus, his hated rival, argues for compassion in death and a cover-up in every sense of the word.

Central to Sophocles' supple discussion of how a man's life is best memorialised is a metaphysical meditation on heroism, patriotism and reputation. And *what could be more central* than that in terms of contemporary American obsessions? Sellars' Ajax is a tormented neurotic in battle fatigues trapped in a glass cage and sloshing around in gallons of blood. He is played by the deaf mute Howie Seago. All of Ajax's speeches, therefore, are relayed through *the microphones of other* characters. This sense of a military tribunal hearing and commenting upon the case is brilliantly conveyed; Sellars has triumphantly replaced the mask of ancient tragedy with the mike of modern broadcasting. This use of audio technology is a considerable creative advance on the work of the Wooster Group, who did something similar with the contemporary witch-hunt in post-psychedelic consciousness.

Mr Seago's sign language becomes an instrument of tragic expression, a face clawed with finger nails signalling grief, the hieratic folding of arms across his upper chest an em*blem of eternity. He refers to* himself as "a Nagasaki ruin" and invokes, in the great farewell to the landscape, an Indian Sioux antecedence and —to the wailing accompaniment of a blues lament—the Mississipi river. An *a capello* chorus ("Remember"—as in "Walking in the sand") is a fine approximation to Sophocles' ex*pression of falsely* boosted optimism before Ajax resolves to lay down his heavy load with the corroborative implication that he ain't gonna study war no more.

This is much more than bright analogising. It is a profound appropriation of a great play reanimated in the cultural language of the day. *This*, in the end, is the only responsible way to handle classic drama. Sophocles' concern with rites of public burial—and in *Ajax* this *discussion is even more com*plex than in *Antigone* or *Oedipus at Colonus*—is reflected in his half-brother's request for the interment to be conducted at Arlington.

The beach suicide results in Menelaus sealing off the area,

The Stuttgart Theatre Festival is turning out to be the European festival of the year. After Robert Wilson's production of "Quartet," Michael Coveney reports on two classical hits from Washington and Budapest.

declaring it off limits as of now. *The gulls screech, the heli*copters circle overhead, their intensifying chopper chimes a statement of Ajax's insanity induced by jungle warfare as well as a symptom of enclosing security.

This production is now no more, but Europe has at least been alerted to the talents of Sellars and his actors thanks to the Stuttgart festival and the producing facilities extended by the Mickery in Amsterdam. The show was also seen in Brussels, Antwerp and Vienna.

So much of the best in world theatre still passes us by in spite of the internationalist avowals of intent in Edinburgh and at the National. *Ajax*, no question, should have been seen in London. It is almost certain, too, that we shall be denied a remarkable new *Three Sisters* produced by the Katona Jozsef Theatre in Budapest, a company *that splintered from* the National Theatre there some years ago. It arrived in Stuttgart with the weighty imprimateur of no less a Chekhovian than Peter Stein and a firm invitation from Giorgio Strehler to visit the Theatre of Europe in Paris later this year.

At which point it would make good copy to start tearing the enterprise to shreds. No such luck, I'm afraid. This is indeed one of the best Chekhov productions I have ever seen, cast from strength, *characterised* in depth and particularly outstanding in its treatment of the military battery led by the serpentine ladykilling Vershinin of Laszlo Sinko, a slimline Ronnie Barker with a snow white thatch and a mean moustache.

Tamas Ascher's production has a wonderful hysterical momentum, the household lining up to watch the spinning top run its trivial course then returning casually to former occupations; the social fidgetiness induced by the photographic equipment; the army band drowning the lamentations of the sisters who are strewn inconsolably about the stage, not gathered in the usual piously stoical tableau.

The emotional tumult of this great production must be conveyed in just two examples: the doctor Chebutykin (Jozsef Horvath) comes disastrously off the wagon after the fire and is a changed man, his beaming pleasantness usurped by the sullen defensiveness of one who *has made an indelible ass of* himself; Julia Basti's Masha kisses Vershinin passionately while Olga keeps the coast clear, then assaults him violently before falling hysterical to the ground—her plight is unbearable, her condition cataclysmically unimprovable.

The production was seen in the little Kammer Theatre incorporated in James Stirling's magnificent new art gallery. Istvan Szlavik's design is very beautiful, authentically costumed and laid out on scrubbed planks—white, cream and yellow—that are continued half way up the walls, are covered in Persian carpets for the bedroom scene and divide to give a wonderful yawning black chasm for the departure.

These two productions alone have ensured a triumphant festival for the President Ivan Nagel and his alert programme director Renate Klett, and all for the modest, in German theatre terms, amount of DM 3m (DM 800,000 each from the city, the region and the federal government, the rest raised in sponsorship and at the box office).

Tasting the best of the rest —and if you are anywhere near Stuttgart this weekend you should try and catch Jeanne Moreau, no less, in her acclaimed *Le recit de la servante Zerline*—I was enchanted by Kazuo Ohno, the octogenarian Japanese dance master whose one man self-immolation show to popular classical music contains a most fantastic sequence in homage to the Argentinian tango; and fascinated to see how well does travel the Market theatre of Johannesburg in its rictous satire on the plight of the black South African policeman, *Bopha*.

Radio

Pedalling for charity

CHARITY suffereth long and is kind . . . Two keen cyclists, Nick and Richard Crane, decided to raise funds for Intermediate Technology in the most unlikely way they could think of. This proved to be a cycle-ride to Urumchi, the capital of Xinjiang in China, which they heard was farther from the sea than anywhere else on earth. They started from Chittagong, taking nothing with them but bedrolls, a litre of water each and, naturally, a tape recorder. Journey to the Centre of the Earth is what their tapes produced—notes on scenery and local people and masses of personal discomfort. At the end of the first two programmes on Radio 4, we leave them lost and hungry on the road to Lhasa. Their courage and endurance were admirable, though they are not great at discription—"like the Lake District" was their reaction to the first sight of Tibet. But who, I wonder, will be moved to provide funds for Intermediate Technology because two young men have amused themselves in this way?

I read in my Sunday paper that the Queen had not been pleased at the Royal Family's participation for charity in a television jamboree. I do not think Her Majesty will mind *Victoria*, a seven-part account *of the life and times of her* great-great-grandmother, written by Richard Mullen with total respect. In the first part, Princess 'Drina, as she was called from her first name Alexandrina, was doing well at German, French, history, geography and poetry, though poorly at Latin, and she slept in her mother's bedroom until she came to the Throne. She was right, when, warned that she was in line for the succession, she said "I will be good." Anna Massey is certainly good as the Princess, and no doubt the programme will help promote those Victorian values we are once again being asked to cherish.

Thursday afternoon's play on Radio 4 was "based on a true story" from World War One. A soldier of the 11th Hussars, adrift from his troop, was sheltered in a French house which the Boches unluckily chose as an officers' billet. The soldier was hidden in a cupboard, where he stayed, save for brief spells out when the Germans were away, for three years and nine months. In the end the Germans were dislodged, by the 11th Hussars no less, and if that were not enough, the first officer the soldier saw was his old troop commander.

All this is indeed true. The cupboard, measuring 4¼ feet by 2¼ by 1¼, is in the 11th Hussars regimental museum. But the play purports to tell the soldier's thoughts in his imprisonment, and this is only imagination. In spite of the occasional comments from a psychiatrist, I was unconvinced. To begin with, the author, Angela Sewell, called Trooper Williams a private. And the title, *Why Didn't They Warn Williams?* suggested something that I didn't hear. Why didn't *who* warn him, and what of?

The Monday Play on Radio 4, however, *Shade of Blue*, had a very sharply acceptable plot. Adrian (Bob Peck) and Tony (Clive Merrison) are on the short list for a Tory seat. Adrian's mistress has just told him she is pregnant. Tony is having an affair with Adrian's wife, Pauline (Rosemary Martin). It is the wedding day of Adrian and Pauline's daughter Claire, and in London the Prime Minister has announced a general election. All very enthralling, but the author, Leigh Jackson, should not have crammed *it all* into one day, especially as he gives so much time to passing trivia like the workmen working on the marquee. It needs two and a-half hours at the Haymarket; but no one would direct it better than Cherry Cookson did.

B. A. Young

WEEKEND FT

· SPORT ·

Wimbledon/John Barrett

Boris bothered, bewildered —and then out

WIMBLEDON has a knack of producing the unexpected. The 101st championships were no exception yesterday when Boris Becker, the 19-year-old West German who has won this title for the past two years, was bundled unceremoniously out of the singles by the world's 70th-ranked man, Peter Doohan of Australia.

Doohan's 7—6 4—6 6—2 6—4 win spanned two hours and 55 minutes of frustration for the champion. Not only was the famous serve failing to produce enough pressure against a man who had decided to block his returns low and wide to the incoming srver's feet, but also his uncompromising returns of serve were simply not finding the mark.

The outcome of the match might have been decided in the very first game. Doohan, a 6ft 3ins serve and volley expert from Newcastle, NSW, fell 0—40 behind but, refusing to be intimidated by three returns he hardly saw, he pressed forward to win the next five points to safely hold that opening game. Not until the sixth game of the second set was he again a break point down, and thereafter Becker only twice held points to break him.

The first occasion brought the break of serve that ended the second set in the 10th game; but four games later Doohan survived from 30-40 with a smash, a service winner and a blasting backhand from Becker that finished in the net.

Two years ago, Becker—himself on the way to becoming the youngest-ever winner of a Grand Slam championship at 17 years and 7 months—had survived dangerously. On the same number one court where he played yesterday, Joakim Nystrom of Sweden had twice served for the match against him in the fifth set.

One round later out on court 14, Tim Mayotte had been two points from victory in the tie-break that ended the fourth set. Then, in the final against Kevin Curren, Becker had won the vital tie-break that gave him a two sets to one lead and launched him on his victory path.

But yesterday the inspiration was lacking. He refused to compromise against a server whose depth and variety of delivery were exemplary. Whereas Doohan made Becker play about 90 per cent of his returns, the champion, flailing away in search of quick winners, all too often gave his opponent an easy point. Depending upon your point of view, you either commend his bravery or question his good sense.

The tie-break that ended the first set revealed an unexpectedly versatile aspect of Doohan's game as he snatched Becker's first two service points with a cross-court forehand pass and a backhand pass, both taken suicidally early and on the rise, that left Becker groping at thin air. A 4-0 lead was whittled away to 4-3, then came an advance to 6-3, and finally the set at 7-4.

There wa sno clue about the likely outcome. On the only two previous occasions these two had met, Becker had triumphed in straight sets. He won 6-4, 6-1, 6-2 i n1985, and won again 6-2, 6-4 on grass in the first round of the Stella Artois tournament at Queens Club.

There was no reason to expect anything different this time except that Doohan is coached now by Michael Fancutt, with whom he reached the doubles semi-finals here in 1984. The match plan they devised together was executed perfectly. Becker was made to turn and stretch to reveal old weaknesses that have partly been repaired by training session with Frank Pick but which are still shortcomings.

Havink levelled at one set all, one was entitled to expect that Becker would surge to his expected victory. But it was Doohan who struck at once by taking advantage of two double faults from the champion—his third and fourth—to break in the opening game. Doohan broke again 2-love in the seventh game, and duly served out the set 6-2 with sixth and seventh aces.

Throughout the fourth set Doohan refused to be intimidated ,either by Becker's frequent movements as he crouched to return the second serves or by the excitable crowd —crammed now into every corner of the 7,000 seat number one court to cheer every Becker winner.

At 3—3, Becker came up to serve again. The seventh double fault gave Doohan 15—40; and although Becker recovered to deuce and held the point to hold his serve, he was broken with two brilliant backhand returns. To his credit, Doohan retained his concentration and composure to the end, serving out the last game to 15 as the now unruly crowd were calling and cheering between every point.

It has been a dismal week at Wimbledon, and with Monday lost completely and Thursday seeing only one result on the board—that of Martina Navratilova being the first to enter the third round—it has been a great test of everyone's patience. The players, all keen professional athletes these days, feel totally frustrated at not being able to practice at all on grass. Perhaps, that worked in Doohan's favour. He spent the down time doing his training sessions at the Surbiton Club.

Ivan Lendl, the world champion who must now be chuckling that Wimbledon's committee of management demoted him to number two seed, though he is ranked one in the world, bore the frustrations bravely. On Thursday, he lost the opening set to Palo Cane of Italy and failed on two set points in the second set. Yesterday, he came out philosophically to tuck away that set 7—6, but then lost a second tie-break to go two sets to one down.

However, one never felt that Cane, despite some wonderfully inventive Latin touches, would impose his lighter game on a man who hits the ball harder than most. Lendl eventually triumphed 3—6 7—6 6—7 7—5 6—1

How nice to report that Britain's No 2, Jeremy Bates, is still alive. His 6—3 6—3 6—2 win over Sammy Giammalva (US underlined the need for all players at the top level these days to have the help of a coach.

The No 1 Briton, Andrew Castle, however. went down in four sets against Richey Rensburg (US), and the other home contenders, Stephen Shaw and Christ Bailey, were also eliminated.

Shaw was by no means disgraced in taking a set from the No 7 seed and two-time champion Jimmy Connors, whose 6—2 2—6 6—3 6—4 win revealed once again the priceless quality of a good return of service.

● Right: Wimbledon title-holder Boris Becker—tumbled out in four sets.

Golf/Ben Wright

How Simpson kept his head

SCOTT SIMPSON'S victory in the 87th US Open Championship over the magnificent Lake course of the Olympic Club in San Francisco last Sunday will for ever be disparaged by those who demand that their champions be charismatic and outgoing.

Like Jack Fleck, professional at a municipal course in Davenport, Iowa, who "dared" to beat the great Ben Hogan in a play-off at Olympic in 1955, or Billy Casper, who beat the American public's god of golf, Arnold Palmer, in similar fashion in 1966, Simpson will be blamed for robbing sentimental favourite Tom Watson of his second US Open title and his first victory in three years of struggling frustration and impotence. But not by this observer.

Simpson was a worthy winner because he holed the inward half in 32 shots, three under par, with birdies at the 14th, 15th and 16th holes, all of which poor Watson had the distinct displeasure of watching from behind. But perhaps Simpson's finest achievement was to save his par at the infamous 428-yard 17th from the left hand greenside bunker.

Since he had scrambled to save his par at the 11th and 12th holes, Simpson only required 12 putts for the last nine holes, which will win a man most major championships ever played. And he kept his concentration while all around him his rivals were losing theirs.

But this is what one has come to expect of the man. Simpson strives to make his swing through the golf ball an exact replica of his practice swing, and he has succeeded to such a degree as to be branded mechanical by his detractors.

Yet Simpson's three previous victories in America indicate the richness of his golfing pedigree. He won the 1980 Western Open at Butler National Golf Club in Chicago, generally recognised at the toughest the professionals play all year. In 1984 he won at Westchester, New York, on the eve of the US Open at nearby Winged Foot, when the course had been specifically prepared with deep rough flanking very narrow fairways to serve as a last tuning-up tour stop before that championship. Simpson's final round of six-under-par 65 on that occasion—in blistering heat and humidity—gave him a runaway victory by five shots. (In 1986, incidentally, two holes at Westchester were rated among the 11 toughest on the tour).

This year at Greenboro, North Carolina, however, Simpson had to play 27 holes on the final day to achieve his victory in a temperature hovering around freezing point, and with a wind chill factor well below that.

Watson behaved with consummate grace in the face of a defeat that was obviously shattering. Both Hogan and Palmer failed to win another major championship after their devastating losses at Olympic Club. How ironic it would be if Watson were to suffer the same fate. Only time will tell, but he really destroyed himself last Sunday with a nerve-racked start that saw him drop strokes to par at three of the first five holes.

Putting frailties caused the European challenge of Seve Ballesteros (third, five shots behind Simpson), and Bernhard Langer (tied for fourth place, six behind) to peter out. But that could be said of each of Simpson's potential rivals. In all my experience of watching major championships I cannot recall so many of the world's best players taking four putts on a single green so often.

In fact this great golf course, which I rate amongst the top ten in America, if not the world, more than held its own. Although only 16,709 yards long, par 70, it played to an average of 73.53 strokes per round, Simpson and Watson being the only players to finish with an aggregate below par.

The prospects for the Open Championship at Muirfield, Scotland, next month were enhanced by Simpson's declaration of intent to play there, and Watson's return to something near the form that earned him four of his five Open victories north of the border, his third having been recorded at Muirfield in 1980.

Both he and Langer are playing in Hartford, Connecticut, this weekend, and it will be interesting to see if either or both suffers a letdown. Langer is so doggedly phlegmatic, however, that I would not be surprised to see him record his first victory on American soil for over two years.

It may seem like heresy, but I have not been alone in wondering if we have seen the best of Ballesteros. He appears hell-bent on developing an adversary relationship everywhere he goes nowadays—an attitude which only appears to unnerve himself. Ballesteros thanked the spectators for giving him their generous support at Olympic, but then said: "It hasn't been so much like that in the past."

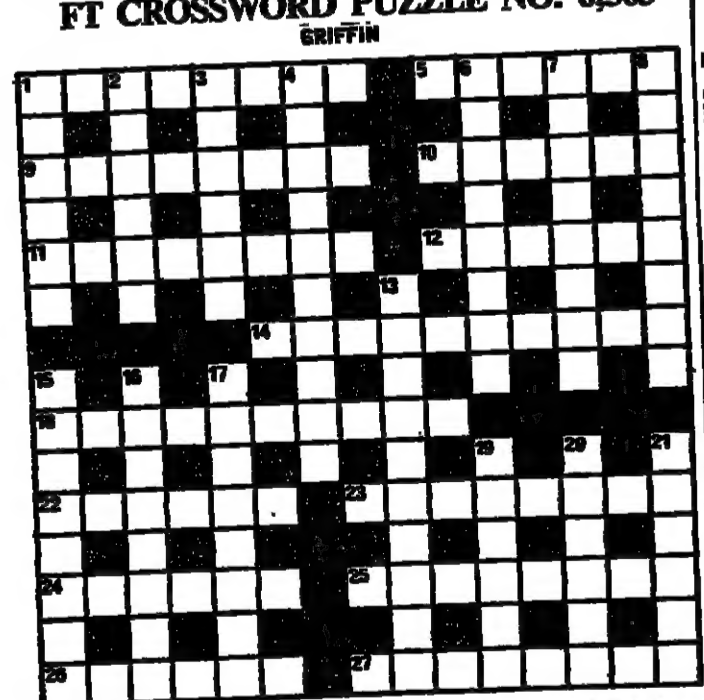
Such nonsense. In all the American events I have watched the Spaniard contest he has been treated with great warmth and encouragement. And if the crowd cheered more loudly for Jack Nicklaus than Ballesteros at the 1986 Masters, what does he expect? Such petulance is as worthless and undignified as were the complaints, voiced by captain Lee Trevino and some members of his defeated 1985 Ryder Cup squad, that the British crowd were hostile to them at The Belfry.

The truth is that Ballesteros's wildness and inconsistent putting have cost him victory in the Masters and Westchester play-offs here this year, together with any chance of his first win in the US Open. The Spaniard, exciting and inventive as he always is, might do well to take a leaf from Scott Simpson's book for a while, and let his clubs do the talking.

The sad fact is that he has failed to win a tournament in America for over two years, and with each failure the psychological block becomes ever more pronounced. Tom Watson knows all about that.

FT CROSSWORD PUZZLE NO. 6,363

GRIFFIN



Prizes of £10 each for the first five correct solutions opened. Solutions, to be received by next Thursday, marked Crossword on the envelope, to The Financial Times, 10 Cannon Street, London EC4P 4BY. Solution next Saturday.

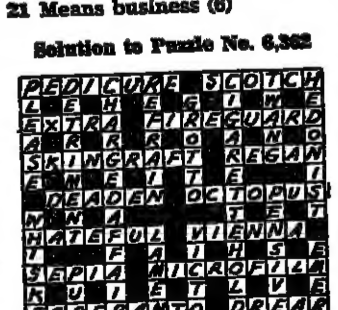
ACROSS

1 Stop at the end— (8)
5 —of the French bit and leave (6)
9 Returned money put down on fur (8)
10 No one dies on vessel of tyrant (6)
11 Plague caught after I impede. doctor (8)
12 Simple tea set is ordered (6)
14 A highly-strung entertainer? (10)
18 The breaking of union rules? (10)
22 Else my mangle would be suitable (6)
23 Fair play in middle age (8)
24 First-born employs 500 in steel production (6)
25 Bill returns daring woolly sweater (8)
26 Harangue when traffic island's first introduced (6)
27 Newly renovated centre lay empty (8)

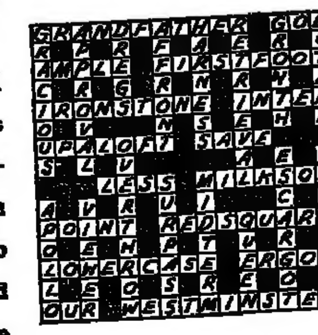
DOWN

1 Mood of salesman satisfied with raise (6)
2 Rural police force admits it's up (6)
3 Accustomed to ruined cooking (6)
4 Unhappy tailor's description of awkward customer? (10)
6 Key plant he designed to build jumbo (8)
7 Fitting it in model after dad turned up (8)
8 Staggered to see a little drink deter drunk! (8)
13 Natal township? (10)
15 Wasted time following Lady Swan (8)
16 In bid to stop one doing wrong (8)
17 Much-loved dress I'd soiled (8)
19 Game of pontoon, for instance? (6)
20 Gifted members used to fiddle (6)
21 Means business (6)

Solution to Puzzle No. 6,362



SOLUTION AND WINNERS OF PUZZLE NO. 6,357



Mrs V. Cleaver, Bolton-le-Sands, Lancashire; Mrs M. F. Osborne, Wigtoft, Boston, Lincs; Mr J. Hardwick, Bury St Edmunds, Suffolk; Dr John K. Butler, Speen, Aylesbury, Bucks; Mr Alfred Charles, Alderney, Channel Islands.

TELEVISION AND RADIO

SATURDAY

† indicates programme in black and white

BBC1

8.30 am The Family Ness. 8.35 Rogtanian and the Three Muskehounds. 9.00 It's Wicked! 10.55 Cartoon. 11.05 Film: "This Island Earth," starring Jeff Morrow with Faith Domergue and Rex Reason. 12.27 pm Weather. 12.30 Grandstand including 1.00 News; 12.35 Hockey; 1.05 Hockey/Boxing; 1.55 Wimbledon; 3.35 Racing (The Budweiser Irish Derby); 3.50 Tennis; 4.15 Athletics. 5.30 News.

5.40 Regional programmes. 5.45 Grandstand. 5.45 Oliver Twist. 7.15 Film: "Mayday: 40,000 ft! " starring David Janssen. 8.50 Les Dennis' Laughter Show. 9.25 News; Sport. 9.40 Sports Special. 11.40-1.15 am Film: "Fast Charlie—The Moonbeam Rider," starring David Carradine.

BBC2

2.20 pm Wimbledon Lawn Tennis Championships. 8.00 Newsview. 8.40 Segovia at Los Olivos. 9.40 Film: "Dracula, Prince of Darkness," starring Christopher Lee. 11.10-12.40 am Film: "Evil of Frankenstein," starring Peter Cushing.

LONDON

6.55 am TV-am Breakfast Programme. 9.25 Get Fresh. 11.30 The Roxy. 12.00 News. 12.05 Wrestling. 1.00 Terrahawks. †1.30 "Leave It To Blondie." 2.50 Gold Is Where You Find It. 3.30 International Athletics.: San Jose. 5.00 News. 5.05 The Grumbleweeds Show. 5.35 The A-Team.

6.30 Bobby Davro's TV Annual. 7.15 People Do The Funniest Things. 7.45 Family Fortunes. 8.15 David Frost Presents The Guinness Book of Records. 9.15 News. 9.30 Bulman. 10.30 The Late Clive James. 11.15 LWT News Headlines, followed by Athletics from Prague. 11.45-1.25 am Movie Premiere: "Neighbors," starring John Belushi.

CHANNEL 4

9.25 am Pets in Particular. 9.50 Moneyspinner. 10.20 The Living Body. 10.45 The World—A Television History. 11.15 Dancin' Days (dubbed). 12.10 pm Laurie. 12.40 World of Animation. †1.00 "Holiday," starring Cary Grant and Katharine Hepburn. 2.50 Channel 4 Racing from Newmarket and The Curragh. 5.05 Brookside Omnibus. 6.00 Right to Reply. 6.30 Ourselves and Other Animals. 7.00 News Summary, followed by The Gods of War. 7.30 Bandung File. 8.30 Robinson Country. 9.00 Nights and Days (subtitled). †10.00 "Crisis" (Cary Grant stars). 11.50 Don't Miss Wax. †12.40 am "From The Life of the Marionettes."

S4C WALES

11.00 am A Week In Politics. 11.45 What the Papers Say. 12.00 Plants For Free. 12.30 pm A Passage to Britain. †1.00 Feature Film: "His Girl Friday," starring Cary Grant. 2.50 Racing from Newmarket and Curragh. 5.00 The Struggles for Poland. 6.00 Right to Reply.

7.00 The Dragon Has Two Tongues. 7.35 Newyddion. 7.50 Cymer Pwy? 8.20 Cyfiel 8.20 Reslo. 9.50 The Best of the Paul Hogan Show. 10.15 Ask Dr Ruth. 10.45 Feature Film: "Breaking Glass," starring Hazel O'Connor.

IBA Regions as London except at the following times:

ANGLIA

1.30 pm Diff'rent Strokes. 2.00 Man In A Suitcase. 3.00 Wildrides. 11.45 Alfred Hitchcock Presents. . . 12.15 am Personal View.

BORDER

11.45 pm Hunter.

CENTRAL

1.00 pm Star Fleet. 1.30 The Incredible Hulk. 2.30 Blackstone!—The Magnificent Musical Magic Show. 5.05 Street Hawk. 6.00 Bobby Davro's TV Annual. 6.45 The Grumbleweeds Show. 1.25 am Prisoner Cell Block H. 2.20 "Prudence and the Pill," starring David Niven and Deborah Kerr. 4.00 Central News, followed by Central Jobfinder.

CHANNEL

11.59 am Today's Weather.

GRAMPIAN

1.00 pm UFO. 2.00 Shinty—The Grampian Television Shinty Cup—North v South. 3.00 Small Wonder. 5.35 Simon and Simon. 11.45 Grace Jones—One Man Show. 12.30 am Reflections, followed by cricket results.

GRANADA

1.00 pm Cartoon. 1.10 William the Conqueror. 3.00 Mary. 5.05 Streethawk. 6.00 Bobby Davro's TV Annual. 6.45 The Grumbleweeds Show.

HTV

11.57 am HTV News. †1.30 "A Prize of Arms," starring Stanley Baker. 11.45 Tears For Fears: "Scenes from the Big Chair."

SCOTTISH

1.00 pm The Love Boat. 2.00 Shinty (The Grampian Television Shinty Final). 3.00 Small Wonder. 5.15 Minder. 11.45 The Party. 12.45 am Late Call.

TSW

11.57 am TSW News. 1.00 pm Tightlines. †1.15 The Saturday Matinee: "The Caine Mutiny" starring Humphrey Bogart and Jose Ferrer. 5.05 Newsport. 5.07 Knight Rider. 5.30 The Grumbleweeds Show. 6.00 Blockbusters. 8.15 Crazy Like A Fox. 11.45 Meltdown with Elkie Brooks and H2O. 12.45 am Postscript.

TVS

11.57 am TVS weather. †1.30 "Blondie's Blessed Event" starring Penny Singleton. 1.25 am Company.

TYNE TEES

†1.00 pm "Blondie Takes A Vacation." 2.05 Tucker's Witch. 3.00 Carlton Your Doorman. 5.05 The A-Team. 6.00 Bobby Davro's TV Annual. 6.45 The Grumbleweeds Show. 1.25 am Poetry Of The People.

ULSTER

11.58 am Lunchtime News. 3.00 pm Crazy World of Sport. 5.03 Ulster News. 5.05 The Fall Guy. 6.00 Bobby Davro's TV Annual. 6.45 The Grumbleweeds Show. 8.15 Simon and Simon. 9.27 Ulster News. 11.45 Magnum. 12.30 am Sports Results. 12.35 News at Bedtime.

YORKSHIRE

1.00 pm "Black Beauty" starring Mark Lester, Patrick Mower and Walter Slezak. 3.00 The Queen's Cup Polo. 5.05 The A-Team. 6.00 Bobby Davro's TV Annual. 6.45 The Grumbleweeds Show. 1.25 am The Saturday Late Film: "Witchfinder General" starring Vincent Price and Ian Ogilvy. 3.00 Jobfinder.

Stereo on VHF

BBC RADIO 2

6.05 am David Jacobs. 10.00 Sounds of the 60s. 11.00 Album Time. 1.00 pm Frankie Howerd. 1.30 Sport on 2 including Wimbledon Championships; Athletics (The European Cup); Motorcycling (The Dutch Grand Prix from Assen); plus golf and hockey news and regular cricket scoreboards. 7.00 Three In A Row. 7.30 Radio 2 Festival of Music. 9.30 String Sound. 10.05 Martin Kelner. 12.05 am Night Owls with Dave Gelly. 1.00 Bill Rennells. 3.00-4.00 A Little Night Music.

BBC RADIO 3

7.00 am News. 7.05 Morning Concert. 9.00 News. 9.05 Record Review. 10.15 Stereo Release. 11.10 BBC Symphony Orchestra at the Maggio Musicale Festival, Florence. (12.05 pm Interval Reading). 1.00 pm News. 1.05 Martin Roscoe (piano). 2.00 City of London Sinfonia. 3.00 Eugen Jochum Conducts: Strauss (Symphonic poem: Don Juan). Brahms (Symphony No 4 in E minor), Carl Orff (Carmina Burana). 5.00 Jazz Record Requests. 5.45 Critics' Forum. 6.35 Grieg Piano Music. 7.05 Hygiene of the Spirit by Eugene Dubnov. 7.25 Opera in the Third Reich. "Massimilia Doni," an opera in four acts, libretto by Armin Rueger based on Henri de Balzac's novel, music by Othmar Schoeck. 10.10 Which Of Us Two? 10.30 Ligeti's New Piano Studies. 10.55 Schumann and Goehr played by the Brodsky String Quartet. 11.57-12.00 News.

BBC RADIO 4

7.00 am Today. 9.00 News. 9.05 Sport on 4. 9.30 Breakaway. 10.00 News; Loose Ends. 1.00 The Week in Westminster. 11.25 From Our Own Correspondent. 11.55 The Weekend On 4. 12.00 News; Money Box. 12.27 pm Just A Minute! (S). 12.55 Weather. 1.00 News. 1.10 Any Questions? 1.55 Shipping Forecast. 2.00 News; The Co-op in The Cornfield (S). 2.30 The Afternoon Play (S). 4.00 News; International Assignment. 4.30 SO4 (Science on 4). 5.00 The Living World. 5.25 Week Ending. 5.50 Shipping Forecast. 5.55 Weather; Travel.

6.00 News; Sports round-up. 6.25 Stop The Week with Robert Robinson (S). 7.00 Saturday Night Theatre (S). 8.30 Baker's Dozen (S). 9.30 Thriller! 9.50 Ten to Ten (S). 9.58 Weather. 10.00 News. 10.15 Saturday Feature: "An Everyday Story of Country Folk" (S). 10.45 Flashback. 11.00 The Iron Curtain Call (S). 12.00-12.15 am News.

SUNDAY

† indicates programme in black and white

BBC1

8.5 am Play School. 9.15 Misterjaw Supershark. 9.20 Articles of Faith. 9.35 The Coming of Age. 10.05 Micro File 2.

Power Sprint 1987. 7.00 Challenge To Sport (Croquet). 7.15 The Struggles For Poland. 8.15 Man And Music: Classical Vienna. 9.15 Porterhouse Blue. †10.15 "Monkey Business" starring Cary Grant with Ginger Rogers, Charles Coburn and Marilyn Monroe. †12.05 am The Twilight Zone.

Cary Grant, Ted Donaldson and Janet Blair in Once Upon a Time: C4, 2.30 pm

TYNE TEES

9.25 am Hello Sunday. 1.00 pm Farming Outlook. 1.30 P.S.A. Special Report. 1.45 The Smurfs. 2.30 O'Hara's Wife. 11.00 The Party (Part 2). 12.00 Epilogue.

ULSTER

9.25 am Cartoon Time. 12.58 pm Lunchtime News. 1.00 Getting On.

estra of Europe. 2.00 Maurizio Pollini plays music by Schumann and Chopin. 3.40 Bournemouth Symphony Orchestra with Susan Kessler (mezzo-soprano): Schumann (Overture Genoveva Op 81), Berg (Seven early songs), Hermann (Symphony No 1). 4.35 Hagen String Quartet: Mozart,

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